



**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Waterford Township
Washington County
P.O. Box 145
Waterford, Ohio 45786

To the Board of Trustees:

We have audited the accompanying financial statements of Waterford Township, Washington 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 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 Waterford Township, Washington 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 February 12, 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

February 12, 2001

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WATERFORD TOWNSHIP
WASHINGTON 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**

| | Governmental Fund Types | | | | | Totals (Memorandum Only) |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|-----------------|---------------------|--------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Fiduciary Funds | |
| Cash Receipts: | | | | | | |
| Local Taxes | \$ 41,218 | \$ 472,870 | \$ 9,841 | \$ | \$ | \$ 523,929 |
| Intergovernmental | 63,409 | 86,310 | | | | 149,719 |
| Special Assessments | | 5,961 | | | | 5,961 |
| Earnings on Investments | 6,301 | 2,071 | | | 154 | 8,526 |
| Other Revenue | 4,124 | 15,561 | | | | 19,685 |
| Total Cash Receipts | <u>115,052</u> | <u>582,773</u> | <u>9,841</u> | <u>0</u> | <u>154</u> | <u>707,820</u> |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| General Government | 48,172 | 76,020 | | | | 124,192 |
| Public Safety | 200 | 65,678 | | | | 65,878 |
| Public Works | 6,156 | 330,180 | | | | 336,336 |
| Health | 40,181 | | | | | 40,181 |
| Debt Service: | | | | | | |
| Redemption of Principal | | | 9,554 | | | 9,554 |
| Interest and Fiscal Charges | | | 287 | | | 287 |
| Capital Outlay | 6 | 14,886 | | | | 14,892 |
| Total Cash Disbursements | <u>94,715</u> | <u>486,764</u> | <u>9,841</u> | <u>0</u> | <u>0</u> | <u>591,320</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>20,337</u> | <u>96,009</u> | <u>0</u> | <u>0</u> | <u>154</u> | <u>116,500</u> |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Transfers-In | | 6,049 | | | | 6,049 |
| Transfers-Out | (6,049) | | | | | (6,049) |
| Total Other Financing Receipts/(Disbursements) | <u>(6,049)</u> | <u>6,049</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 14,288 | 102,058 | 0 | 0 | 154 | 116,500 |
| Fund Cash Balances, January 1 | 86,028 | 199,202 | 0 | 15,173 | 5,128 | 305,531 |
| Fund Cash Balances, December 31 | <u>\$ 100,316</u> | <u>\$ 301,260</u> | <u>\$ 0</u> | <u>\$ 15,173</u> | <u>\$ 5,282</u> | <u>\$ 422,031</u> |

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

WATERFORD TOWNSHIP
WASHINGTON 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 | | | | | Totals (Memorandum Only) |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|-----------------|---------------------|--------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Fiduciary Funds | |
| Cash Receipts: | | | | | | |
| Local Taxes | \$ 40,978 | \$ 436,924 | \$ 9,841 | \$ | \$ | \$ 487,743 |
| Intergovernmental | 63,383 | 84,818 | | 94,422 | | 242,623 |
| Special Assessments | | 5,579 | | | | 5,579 |
| Charges for Services | | 7,213 | | | | 7,213 |
| Earnings on Investments | 6,508 | 1,575 | | | 135 | 8,218 |
| Other Revenue | 4,002 | 1,975 | | | | 5,977 |
| Total Cash Receipts | <u>114,871</u> | <u>538,084</u> | <u>9,841</u> | <u>94,422</u> | <u>135</u> | <u>757,353</u> |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| General Government | 43,978 | 88,643 | | | | 132,621 |
| Public Safety | 200 | 65,000 | | | | 65,200 |
| Public Works | 1,803 | 371,756 | | | | 373,559 |
| Health | 40,810 | | | | | 40,810 |
| Debt Service: | | | | | | |
| Redemption of Principal | | | 9,183 | | | 9,183 |
| Interest and Fiscal Charges | | | 658 | | | 658 |
| Capital Outlay | 10,045 | 82,848 | | 102,500 | | 195,393 |
| Total Cash Disbursements | <u>96,836</u> | <u>608,247</u> | <u>9,841</u> | <u>102,500</u> | <u>0</u> | <u>817,424</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>18,035</u> | <u>(70,163)</u> | <u>0</u> | <u>(8,078)</u> | <u>135</u> | <u>(60,071)</u> |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Sale of Fixed Assets | | 6,000 | | | | 6,000 |
| Total Other Financing Receipts/(Disbursements) | <u>0</u> | <u>6,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,000</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 18,035 | (64,163) | 0 | (8,078) | 135 | (54,071) |
| Fund Cash Balances, January 1 | <u>67,993</u> | <u>263,365</u> | <u>0</u> | <u>23,251</u> | <u>4,993</u> | <u>359,602</u> |
| Fund Cash Balances, December 31 | <u>\$ 86,028</u> | <u>\$ 199,202</u> | <u>\$ 0</u> | <u>\$ 15,173</u> | <u>\$ 5,128</u> | <u>\$ 305,531</u> |

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Waterford Township, Washington 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, ambulance services and fire protection.

The Township's management believes the financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

The 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. Cash and Investments

The Township Clerk invests all available funds of the Township in an interest-bearing checking account.

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 Fund:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement - This fund received tax monies to retire principal and interest payments.

4. Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Township had the following significant Capital Projects Fund:

Issue II Grant Fund - This fund received grant funds to be used for constructing, maintaining and repairing Township roads.

5. Fiduciary Funds

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 five cemetery bequest funds classified as Nonexpendable Trust Funds. These funds received interest earned on the principal invested in the Township's interest-bearing checking account.

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 and function 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.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 | <u>\$ 422,031</u> | <u>\$ 305,531</u> |

Deposits: Deposits are either insured by the Federal Deposit 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 | \$ 104,825 | \$ 115,052 | \$ 10,227 |
| Special Revenue | 575,076 | 588,822 | 13,746 |
| Debt Service | 9,841 | 9,841 | 0 |
| Capital Projects | 3 | 0 | (3) |
| Nonexpendable Trust | 141 | 154 | 13 |
| Total | \$ 689,886 | \$ 713,869 | \$ 23,983 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 174,102 | \$ 100,764 | \$ 73,338 |
| Special Revenue | 688,510 | 486,764 | 201,746 |
| Debt Service | 9,841 | 9,841 | 0 |
| Capital Projects | 15,173 | 0 | 15,173 |
| Nonexpendable Trust | 2,645 | 0 | 2,645 |
| Total | \$ 890,271 | \$ 597,369 | \$ 292,902 |

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 100,727 | \$ 114,871 | \$ 14,144 |
| Special Revenue | 542,346 | 544,084 | 1,738 |
| Debt Service | 9,842 | 9,841 | (1) |
| Capital Projects | 24,423 | 94,422 | 69,999 |
| Nonexpendable Trust | 122 | 135 | 13 |
| Total | <u>\$ 677,460</u> | <u>\$ 763,353</u> | <u>\$ 85,893</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 153,445 | \$ 96,836 | \$ 56,609 |
| Special Revenue | 744,392 | 608,247 | 136,145 |
| Debt Service | 9,841 | 9,841 | 0 |
| Capital Projects | 132,473 | 102,500 | 29,973 |
| Nonexpendable Trust | 0 | 0 | 0 |
| Total | <u>\$ 1,040,151</u> | <u>\$ 817,424</u> | <u>\$ 222,727</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 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.

5. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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

5. RETIREMENT SYSTEM (Continued)

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 employer's contribution rate was reduced to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- General Liability
- Public Officials' Liability
- Vehicles
- Property

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**

Waterford Township
Washington County
P.O. Box 145
Waterford, Ohio 45786

To the Board of Trustees:

We have audited the accompanying financial statements of Waterford Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 12, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 12, 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 statement 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 12, 2001.

Waterford Township
Washington 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 the 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 12, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WATERFORD TOWNSHIP

WASHINGTON 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 13, 2001**