



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Columbia Township
Meigs County
42466 Mattox Road
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Columbia Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 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 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 Columbia Township, Meigs County, as of December 31, 2001 and 2000, 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 June 3, 2002, 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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 3, 2002

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$22,533	\$33,367	\$55,900
Intergovernmental	19,239	74,097	93,336
Earnings on Investments	419	245	664
Other Revenue	1,438	1,113	2,551
	<u>43,629</u>	<u>108,822</u>	<u>152,451</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	36,922		36,922
Public Safety		23,185	23,185
Public Works	2,630	89,762	92,392
Health	6,358		6,358
	<u>45,910</u>	<u>112,947</u>	<u>158,857</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,281)</u>	<u>(4,125)</u>	<u>(6,406)</u>
Fund Cash Balances, January 1	<u>7,622</u>	<u>34,527</u>	<u>42,149</u>
Fund Cash Balances, December 31	<u><u>\$5,341</u></u>	<u><u>\$30,402</u></u>	<u><u>\$35,743</u></u>

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

**COLUMBIA TOWNSHIP
MEIGS 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>	
Cash Receipts:			
Local Taxes	\$22,567	\$33,544	\$56,111
Intergovernmental	20,189	61,781	81,970
Earnings on Investments	604	432	1,036
Other Revenue	6	87	93
	<u>43,366</u>	<u>95,844</u>	<u>139,210</u>
Cash Disbursements:			
Current:			
General Government	32,563		32,563
Public Safety		21,168	21,168
Public Works	13,771	72,547	86,318
Health	6,155	50	6,205
Capital Outlay		4,323	4,323
	<u>52,489</u>	<u>98,088</u>	<u>150,577</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(9,123)</u>	<u>(2,244)</u>	<u>(11,367)</u>
Fund Cash Balances, January 1	<u>16,745</u>	<u>36,771</u>	<u>53,516</u>
Fund Cash Balances, December 31	<u>\$7,622</u>	<u>\$34,527</u>	<u>\$42,149</u>

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

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Columbia Township, Meigs 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 (public works), cemetery maintenance (health), and fire protection (public safety).

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. 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 Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

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

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund -This fund receives property tax money to provide fire protection for the Township.

Cemetery Fund -This fund receives payments for cemetery plots to provide for maintenance of the Township's cemeteries.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash balances 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 2001 and 2000 budgetary activity appears in Note 3.

E. 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.

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH

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

	2001	2000
Demand deposits	\$ 35,743	\$ 42,149
Total deposits	\$ 35,743	\$ 42,149

Deposits: Deposits are only insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000, was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,112	\$ 43,629	\$ 5,517
Special Revenue	86,877	108,822	21,945
Total	\$ 124,989	\$ 152,451	\$ 27,462

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 45,734	\$ 45,910	\$ (176)
Special Revenue	120,954	112,947	8,007
Total	\$ 166,688	\$ 158,857	\$ 7,831

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,933	\$ 43,366	\$ 2,433
Special Revenue	93,845	95,844	1,999
	\$ 134,778	\$ 139,210	\$ 4,432
Total	\$ 134,778	\$ 139,210	\$ 4,432

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 57,678	\$ 52,489	\$ 5,189
Special Revenue	131,521	98,088	33,433
	\$ 189,199	\$ 150,577	\$ 38,622
Total	\$ 189,199	\$ 150,577	\$ 38,622

Contrary to Ohio Law, there were instances where expenditures exceeded appropriations at the legal level of control with in the General and Special Revenue Funds at December 31, 2001.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceeding 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 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.

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

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. This plan provides 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer's contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



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

Columbia Township
Meigs County
42466 Mattox Road
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Columbia Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 3, 2002. We conducted our audit 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-40753-001 to 2001-40753-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 3, 2002.

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 June 3, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 3, 2002

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2001-40753-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded line item appropriations at December 31, 2001, as follows:

<u>Fund</u>	<u>Object</u>	<u>Function</u>	<u>Title</u>	<u>Expenditures Per System</u>	<u>Appropriation Authority</u>	<u>Variance</u>
1	L	4	General -Other	\$2,630	\$ 0	\$(2,630)
2	A	5	MVLT - Supplies	4,384	3,000	(1,384)
2	B	2	MVLT - Materials	4,090	2,281	(1,809)
3	A	7	Gasoline Tax - Maintenance	5,429	2,500	(2,929)
4	A	10	Road and Bridge - Insurance	4,985	3,000	(1,985)
4	B	2	Road and Bridge - Material	8,502	4,502	(4,000)
10	A	9	Fire - Supplies	8,516	6,000	(2,516)

This could result in deficit spending.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2001-40753-002

Finding for Adjustment

Ohio Rev. Code Section 505.24 states that the Township Trustees shall be paid from the Township General Fund or from such other Township funds in such proportions as the Board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

During our audit, we noted that the Trustees were paid a combined total of \$18,684 in 2001 and \$18,141 in 2000. For both FY 2001 and FY 2000, one Trustee's salary was paid from the Road and Bridge Fund, one Trustee's salary was paid from the Motor Vehicle License Fund, and one Trustee's salary was paid from the Gasoline Tax Fund. There was no resolution in effect which indicated that Trustees' salaries should be paid from these funds, however, the permanent appropriations for each year indicated that the Trustee's salaries should be allocated in this manner. The allocation, however, does not take into consideration the fact that the Trustees also perform administrative duties for the Township.

The Trustees believed that 1 percent of their salaries should be paid from the General Fund, 33% of the Trustees' salaries from the Road and Bridge Fund, 33% from the Motor Vehicle License Fund and 33% from the Gasoline Tax Fund., based upon the estimated level of service provided by the Trustees during the audit period. Based upon this percentage, a combined total of \$187 in 2001 and \$181 in 2000 should have been paid from the General Fund. Based upon this percentage, in the future, each Trustee's salary should be allocated accordingly (1% General Fund; 33% Road & Bridge Fund; 33% Motor Vehicle License Fund; and 33% Gasoline Tax Fund).

**COLUMBIA TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2001-40753-002 (Continued)

Finding for Adjustment (Continued)

In accordance with the foregoing facts, a Finding for Adjustment for monies incorrectly expended is hereby issued in favor of the Motor Vehicle License Fund, the Gasoline Tax Fund and the Road and Bridge Fund and against the General Fund, in the amount of \$368 as of December 31, 2001.

Although these adjustments are reflected in the accompanying financial statements, the Township had not recorded them in their books and records until after the audit period. The Trustees adopted a retroactive resolution for these amounts in June, 2002.



STATE OF OHIO
OFFICE OF THE AUDITOR

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COLUMBIA TOWNSHIP

MEIGS 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
JULY 30, 2002**