



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GOOD HOPE TOWNSHIP
HOCKING COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Good Hope Township
Hocking County
12781 Ovid Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of Good Hope Township, Hocking 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 and reserves for encumbrances of Good Hope Township, Hocking 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 October 15, 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

October 15, 2002

**GOOD HOPE TOWNSHIP
HOCKING 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>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$25,975	\$92,794	\$43,903	\$162,672
Intergovernmental	36,809	72,902	3,488	113,199
Charges for Services		11,000		11,000
Earnings on Investments	3,071	666		3,737
Other Revenue	23	344	17	384
	<u>65,878</u>	<u>177,706</u>	<u>47,408</u>	<u>290,992</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	63,242			63,242
Public Safety		30,114		30,114
Public Works	1,666	107,687		109,353
Debt Service:				
Redemption of Principal		4,475	58,135	62,610
Interest and Fiscal Charges		478	14,121	14,599
Capital Outlay		29,408		29,408
	<u>64,908</u>	<u>172,162</u>	<u>72,256</u>	<u>309,326</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>970</u>	<u>5,544</u>	<u>(24,848)</u>	<u>(18,334)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	<u>2,016</u>			<u>2,016</u>
Total Other Financing Receipts/(Disbursements)	<u>2,016</u>	<u>0</u>	<u>0</u>	<u>2,016</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,986	5,544	(24,848)	(16,318)
Fund Cash Balances, January 1	<u>26,916</u>	<u>63,994</u>	<u>61,202</u>	<u>152,112</u>
Fund Cash Balances, December 31	<u>\$29,902</u>	<u>\$69,538</u>	<u>\$36,354</u>	<u>\$135,794</u>
Reserve for Encumbrances, December 31	<u>\$77</u>	<u>\$2,974</u>	<u>\$0</u>	<u>\$3,051</u>

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

**GOOD HOPE TOWNSHIP
HOCKING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$25,999	\$89,746	\$43,895	\$159,640
Intergovernmental	45,792	69,251	3,355	118,398
Charges for Services		11,000		11,000
Earnings on Investments	3,868	665		4,533
Other Revenue	440	811		1,251
				<u>1,251</u>
Total Cash Receipts	<u>76,099</u>	<u>171,473</u>	<u>47,250</u>	<u>294,822</u>
Cash Disbursements:				
Current:				
General Government	65,093			65,093
Public Safety		28,269		28,269
Public Works	1,490	112,334		113,824
Debt Service:				
Redemption of Principal		4,475	29,068	33,543
Interest and Fiscal Charges		724	5,955	6,679
Capital Outlay		14,167		14,167
				<u>14,167</u>
Total Cash Disbursements	<u>66,583</u>	<u>159,969</u>	<u>35,023</u>	<u>261,575</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,516</u>	<u>11,504</u>	<u>12,227</u>	<u>33,247</u>
Other Financing Receipts/(Disbursements):				
Other Financing Sources	162			162
				<u>162</u>
Total Other Financing Receipts/(Disbursements)	<u>162</u>	<u>0</u>	<u>0</u>	<u>162</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,678	11,504	12,227	33,409
Fund Cash Balances, January 1	<u>17,238</u>	<u>52,490</u>	<u>48,975</u>	<u>118,703</u>
Fund Cash Balances, December 31	<u>\$26,916</u>	<u>\$63,994</u>	<u>\$61,202</u>	<u>\$152,112</u>
Reserve for Encumbrances, December 31	<u>\$102</u>	<u>\$48</u>	<u>\$0</u>	<u>\$150</u>

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Good Hope Township, Hocking 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 maintenance, cemetery maintenance, 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 Township had no investments during the audit period.

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:

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.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax levy money for maintaining and repairing the Township fire department.

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:

Note Retirement Fund – This fund accumulates tax revenue for the repayment of debt incurred for the purchase of a road grader.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2001 and 2000 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.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, full-time employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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	\$135,794	\$152,112
Total deposits	\$135,794	\$152,112

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,412	\$67,894	\$13,482
Special Revenue	191,244	177,706	(13,538)
Debt Service	52,589	47,408	(5,181)
Total	\$298,245	\$293,008	(\$5,237)

Fund Type	Authority	Expenditures	Variance
General	\$81,430	\$64,985	\$16,445
Special Revenue	255,285	175,136	80,149
Debt Service	113,791	72,256	41,535
Total	\$450,506	\$312,377	\$138,129

**GOOD HOPE TOWNSHIP
HOCKING 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	\$54,312	\$76,261	\$21,949
Special Revenue	187,544	171,473	(16,071)
Debt Service	52,589	47,250	(5,339)
Total	\$294,445	\$294,984	\$539

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,801	\$66,685	\$5,116
Special Revenue	245,318	160,017	85,301
Debt Service	101,564	35,023	66,541
Total	\$418,683	\$261,725	\$156,958

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 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$4,475	5.45%
Total	\$4,475	

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

5. DEBT (Continued)

The general obligation note was issued in 1998 to finance the purchase of a new road grader to be used for Township road maintenance. The note is collateralized solely by the Township's taxing authority.

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

Year ending December 31:	<u>General Obligation Notes</u>
2002	<u>\$4,719</u>
Total	<u>\$4,719</u>

6. RETIREMENT SYSTEMS

The Township's officials and employee 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 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 the period January 1, 2000 through June 30, 2000 and for 2001. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participant's gross salaries. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicle
- Property

The Township also provides health insurance 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**

Good Hope Township
Hocking County
12781 Ovid Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of Good Hope Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 15, 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 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 2001-40737-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 15, 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 October 15, 2002.

Good Hope Township
Hocking County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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 stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

October 15, 2002

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40737-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing 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 encumbrance, 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 or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1000 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 by the taxing authority.

Certain liabilities, contracts, and open purchase commitments were not certified by the Clerk prior to the obligation. There was no documentation that a "Then and Now" Certificate was used and subsequently approved by the Board of Trustees for expenditures in excess of \$1,000 within the aforementioned 30-day time period. Eighteen percent of expenditure transactions tested for 2000 and 2001 were not properly certified.

We recommend the Township Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not practicable, we encourage the Clerk to utilize "Then and Now" Certificates.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GOOD HOPE TOWNSHIP

HOCKING 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
NOVEMBER 12, 2002**