

NEAVE TOWNSHIP

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2000 THROUGH DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Neave Township
4384 St. Rt. 121 S.
Greenville, Ohio 45331

We have reviewed the Independent Auditor's Report of Neave Township, Darke County, prepared by Vanderhorst & Manning, CPAs, LLC, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports 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. Neave Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 24, 2002

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**NEAVE TOWNSHIP
DARKE COUNTY**

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**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Neave Township
4384 St. Rt. 121 S.
Greenville, Ohio 45331

We have audited the accompanying financial statements of Neave Township, Darke 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 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 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 audits provide a reasonable basis for our opinion.

As described 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 Neave Township, Darke 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 a report dated June 10, 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.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 10, 2002

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**NEAVE TOWNSHIP
DARKE 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

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Project	
Cash Receipts:				
Taxes	\$ 59,862	\$ 70,205	\$ 0	\$ 130,067
Charges for Services	5,040	0	0	5,040
Licenses, Permits and Fees	0	11,540	0	11,540
Intergovernmental Receipts	34,382	59,078	0	93,460
Special Assessments	0	1,712	0	1,712
Interest	3,325	2,770	0	6,095
All Other Receipts	767	8,340	0	9,107
Total Cash Receipts	103,376	153,645	0	257,021
Cash Disbursements:				
Current:				
General Government	43,967	2,255	0	46,222
Public Safety	0	46,869	0	46,869
Public Works	24,482	104,071	0	128,553
Health	8,437	10,062	0	18,499
Capital Outlay	114	1,257	5,129	6,500
Total Cash Disbursements	77,000	164,514	5,129	246,643
Total Receipts Over/(Under) Disbursements	26,376	(10,869)	(5,129)	10,378
Fund Cash Balances, January 1, 2001	74,298	255,169	19,029	348,496
Fund Cash Balances, December 31, 2001	\$ 100,674	\$ 244,300	\$ 13,900	\$ 358,874

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Interest	\$ 15
Operating Cash Disbursements:	
Supplies and Materials	<u> 18</u>
Operating Income	(3)
Fund Cash Balance, January 1, 2001	<u> 786</u>
Fund Cash Balance, December 31, 2001	<u><u> \$ 783</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE 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

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Project	
Cash Receipts:				
Taxes	\$ 58,445	\$ 49,138	0	\$ 107,583
Charges for Services	4,440	0	0	4,440
Licenses, Permits and Fees	0	7,378	0	7,378
Intergovernmental Receipts	48,998	61,799	0	110,797
Special Assessments	0	1,997	0	1,997
Interest	3,713	3,527	0	7,240
All Other Receipts	165	15,739	6	15,910
Total Cash Receipts	115,761	139,578	6	255,345
Cash Disbursements:				
Current:				
General Government	45,646	1,113	0	46,759
Public Safety	0	23,884	0	23,884
Public Works	28,608	68,020	0	96,628
Health	20,056	17,348	0	37,404
Capital Outlay	0	1,131	32,360	33,491
Total Cash Disbursements	94,310	111,496	32,360	238,166
Total Receipts Over/(Under) Disbursements	21,451	28,082	(32,354)	17,179
Other Financing Receipts/(Disbursements):				
Transfers In	0	0	51,000	51,000
Transfers Out	(51,050)	0	0	(51,050)
Total Other Financing Receipts (Disbursements)	(51,050)	0	51,000	(50)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,599)	28,082	18,646	17,129
Fund Cash Balances, January 1, 2000	103,897	227,087	383	331,367
Fund Cash Balances, December 31, 2000	\$ 74,298	\$ 255,169	19,029	\$ 348,496

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Interest	\$ 19
Operating Cash Disbursements:	
Supplies and Materials	<u> 41</u>
Operating Income	(22)
Other Financing Receipts/(Disbursements):	
Transfers In	50
Fund Cash Balance, January 1, 2000	<u> 758</u>
Fund Cash Balance, December 31, 2000	<u><u> 786</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Neave Township of Darke 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 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 a payment is made 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

All Township funds are held in an interest bearing checking account and certificates of deposit.

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:

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:

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

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

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

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

Fire District Fund – This fund receives funding through levies and provides fire protection services for the Township

Permissive Motor Vehicle Tax Fund – This fund receives funding through tax money for construction, maintaining and repairing Township roads.

Cemetery Fund – This fund receives the proceeds from the Cemetery operations.

Zoning Fund – This fund receives the proceeds from zoning permits.

Fiduciary Funds :

Non-Expendable Trust Fund – Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Township's fiduciary fund is a nonexpendable trust fund. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

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 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.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

**NEAVE TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

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.

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:

	2001	2000
Demand Deposits	\$328,929	\$318,550
Certificate of Deposits	<u>30,728</u>	<u>30,732</u>
Total Deposits and Investments	<u>\$359,657</u>	<u>\$349,282</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.

**NEAVE TOWNSHIP
DARKE COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,204	\$103,376	\$ (828)
Special Revenue	155,625	153,645	(1,980)
Capital Projects	0	0	0
Non-Expendable Trust	<u>20</u>	<u>15</u>	<u>(5)</u>
Total	<u>\$259,849</u>	<u>\$257,036</u>	<u>\$ (2,813)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,325	\$ 77,000	\$ 49,325
Special Revenue	214,050	164,514	49,536
Capital Projects	6,700	5,129	1,571
Non-Expendable Trust	<u>50</u>	<u>18</u>	<u>32</u>
Total	<u>\$347,125</u>	<u>\$246,661</u>	<u>\$100,464</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,364	\$ 115,761	\$ 15,397
Special Revenue	130,161	139,578	9,417
Capital Projects	51,000	51,006	6
Non-Expendable Trust	<u>20</u>	<u>69</u>	<u>49</u>
Total	<u>\$281,545</u>	<u>\$306,414</u>	<u>\$ 24,869</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,675	\$145,360	\$ 24,315
Special Revenue	185,500	111,496	74,004
Capital Projects	51,000	32,360	18,640
Non-Expendable Trust	<u>50</u>	<u>41</u>	<u>9</u>
Total	<u>\$406,225</u>	<u>\$289,257</u>	<u>\$ 116,968</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

**NEAVE TOWNSHIP
DARKE COUNTY**

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

5. PROPERTY TAX (Continued)

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.

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide 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 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 through June 30, 2000 and for 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Board of Trustees
Neave Township
4384 St. Rt. 121 S.
Greenville, Ohio 45331

We have audited the financial statements of the Neave Township, Darke County (the Township), as of and for the years ended December 31, 2001, and 2000, and have issued our report thereon dated June 10, 2002 . 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 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 certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 10, 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 specific 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 operations that we consider to be material weaknesses. However, we noted immaterial instances of matters involving internal control that we have reported to management of the Township in a separate letter dated June 10, 2002.

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.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 10, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

NEAVE TOWNSHIP

DARKE 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 9, 2002**