



**Auditor of State  
Betty Montgomery**



ELIZABETH TOWNSHIP  
MIAMI COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Elizabeth Township  
Miami County  
5710 E. Walnut Grove Rd.  
Troy, OH 45373

To the Board of Trustees:

We have audited the accompanying financial statements of Elizabeth Township, Miami County, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 the Township as of December 31, 2002 and 2001, 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 August 11, 2003, 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.

Elizabeth Township  
Miami County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 11, 2003

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDING DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$13,160	\$16,449		\$29,609
Licenses, Permits, and Fees	2,680			2,680
Intergovernmental	20,797,582	57,999		20,855,581
Special Assessments		1,419		1,419
Earnings on Investments	1,003,346			1,003,346
Miscellaneous	12,442			12,442
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,829,210	75,867		21,905,077
<b>Cash Disbursements:</b>				
Current:				
General Government	345,004			345,004
Public Safety	59,243	386,073		445,316
Health	9,748			9,748
Capital Outlay	789			789
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	414,784	386,073		800,857
Total Receipts Over/(Under) Disbursements	21,414,426	(310,206)		21,104,220
<b>Other Financing Receipts (Disbursements)</b>				
Gain on Sale of Investments	53,046			53,046
Transfers In		334,000	\$48	334,048
Transfers Out	(334,048)			(334,048)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(281,002)	334,000	48	53,046
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	21,133,424	23,794	48	21,157,266
Fund Cash Balances, January 1, 2002	17,982,134	37,154	1,255	18,020,543
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$39,115,558</u>	<u>\$60,948</u>	<u>\$1,303</u>	<u>\$39,177,809</u>

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

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Expendable Trust</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$12,228	\$15,286		\$27,514
Licenses, Permits, and Fees	2,745			2,745
Intergovernmental	107,490	57,538		165,028
Special Assessments		1,517		1,517
Earnings on Investments	1,032,032			1,032,032
Miscellaneous	7,181			7,181
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,161,676	74,341		1,236,017
<b>Cash Disbursements:</b>				
Current:				
General Government	195,840			195,840
Public Safety	46,596			46,596
Public Works		280,481		280,481
Health	9,945			9,945
Capital Outlay	2,689			2,689
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	255,070	280,481		535,551
Total Receipts Over/(Under) Disbursements	906,606	(206,140)		700,466
<b>Other Financing Receipts (Disbursements):</b>				
Gain on Sale of Investments	174,481			174,481
Transfers In		175,500	\$57	175,557
Transfers Out	(175,557)			(175,557)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(1,076)	175,500	57	174,481
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	905,530	(30,640)	57	874,947
Fund Cash Balances, January 1, 2001	17,076,604	67,794	1,198	17,145,596
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2001</b>	<b>\$17,982,134</b>	<b>\$37,154</b>	<b>\$1,255</b>	<b>\$18,020,543</b>

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



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Elizabeth Township, Miami 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 government services, road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Casstown, Cities of New Carlisle and Tipp City and Christiansburg Fire Co. to provide fire services. The Township contracts with Christiansburg Fire Co. to provide ambulance services.

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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and U.S. Treasury and Agency Securities are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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:

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Motor Vehicle License Tax Fund** - This fund receives motor vehicle license tax money for constructing, maintaining and repairing state highways through the Township.

**Shaggy Bark Lighting Assessment Fund** - This fund receives special assessment fees for street lighting in Shaggy Bark.

**3. Fiduciary Fund (Trust Fund)**

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. Other trust funds are classified as expendable. The Township had the following fiduciary fund:

**Expendable Trust Fund**

**Cemetery Bequest Fund** – This fund accounts for donated monies to be used for upkeep of grave sites.

**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/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 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 2002 and 2001 budgetary activity appears in Note 3.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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:

	2002	2001
Demand deposits	\$221,499	\$79,852
Certificates of deposit	1,303	1,255
Total deposits	222,802	81,107
STAR Ohio	1,148,625	1,685,400
U.S. Treasury and Agency Securities	37,806,382	16,254,036
Total investments	38,955,007	17,939,436
Total deposits and investments	\$39,177,809	\$18,020,543

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. U.S. Treasury and Agency Securities are held in book-entry form by the Federal Reserve in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$968,945	\$21,882,256	\$20,913,311
Special Revenue	409,867	409,867	0
Fiduciary	50	48	(2)
Total	\$1,378,862	\$22,292,171	\$20,913,309

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,009,148	\$748,832	\$260,316
Special Revenue	435,193	386,073	49,120
Fiduciary	0	0	0
Total	<u>\$1,444,341</u>	<u>\$1,134,905</u>	<u>\$309,436</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,521	\$1,336,157	\$1,133,636
Special Revenue	249,841	249,841	0
Fiduciary	57	57	0
Total	<u>\$452,419</u>	<u>\$1,586,055</u>	<u>\$1,133,636</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,145,013	\$430,627	\$714,386
Special Revenue	315,402	280,481	34,921
Fiduciary	1,232	0	1,232
Total	<u>\$1,461,647</u>	<u>\$711,108</u>	<u>\$750,539</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 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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

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

Elizabeth Township  
Miami County  
5710 E. Walnut Grove Rd.  
Troy, OH 45373

To the Board of Trustees:

We have audited the accompanying financial statements of Elizabeth Township, Miami County, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 11, 2003. 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 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 management of the Township in a separate letter dated August 11, 2003.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-001.

**Internal Control Over Financial Reporting  
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 August 11, 2003.

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



**Betty Montgomery**  
Auditor of State

August 11, 2003



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

**Investment's Gain/Losses**

Investment gains and losses should be posted when the transaction occurs. The Township has two investment accounts that are managed by US Bank. When investments were sold, neither the gain nor loss was recognized. This resulted in the financial statements to be misstated. Gains of \$53,046 and \$174,481 were not recorded in the Township's accounting records for 2002 and 2001 respectively. Recognized gains/losses on investments should be recorded in the accounting records when the transaction occurs. The Township should refer to Auditor of State Bulletin #97-002 for guidance on accounting for investments. The accompanying financial statements were adjusted to reflect the adjustments noted above.





**Auditor of State  
Betty Montgomery**

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**ELIZABETH TOWNSHIP**

**MIAMI 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  
SEPTEMBER 30, 2003**