



**Auditor of State
Betty Montgomery**

GOSHEN TOWNSHIP
BELMONT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Belmont County, Ohio (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 and reserves for encumbrances of Goshen Township, Belmont County, 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 June 6, 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.

Goshen Township
Belmont County
Independent Accountants' Report
Page 2

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 § 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

June 6, 2003

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$12,343	\$49,475	\$	\$61,818
Intergovernmental	73,606	78,859		152,465
Earnings on Investments	250	28		278
Other Revenue	2,202			2,202
	<u>88,401</u>	<u>128,362</u>	<u>0</u>	<u>216,763</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	56,408			56,408
Public Safety		16,836		16,836
Public Works	15,668	120,328		135,996
Health	5,522			5,522
Debt Service:				
Redemption of Principal	12,000			12,000
Interest and Fiscal Charges	1,149			1,149
Capital Outlay	5,496			5,496
	<u>96,243</u>	<u>137,164</u>	<u>0</u>	<u>233,407</u>
Total Cash Disbursements				
Total Cash Receipts (Under) Cash Disbursements	<u>(7,842)</u>	<u>(8,802)</u>	<u>0</u>	<u>(16,644)</u>
Fund Cash Balances, January 1	<u>25,737</u>	<u>31,252</u>	<u>3,157</u>	<u>60,146</u>
Fund Cash Balances, December 31	<u>\$17,895</u>	<u>\$22,450</u>	<u>\$3,157</u>	<u>\$43,502</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$95</u>	<u>\$0</u>	<u>\$95</u>

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

**GOSHEN TOWNSHIP
BELMONT 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>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$12,387	\$50,614	\$	\$	\$63,001
Intergovernmental	75,672	78,333		21,152	175,157
Earnings on Investments	596	122			718
Other Revenue	4,699				4,699
Total Cash Receipts	<u>93,354</u>	<u>129,069</u>	<u>0</u>	<u>21,152</u>	<u>243,575</u>
Cash Disbursements:					
Current:					
General Government	60,477				60,477
Public Safety		17,357			17,357
Public Works	25,617	119,155			144,772
Health	7,768				7,768
Debt Service:					
Redemption of Principal	12,000				12,000
Interest and Fiscal Charges	1,076				1,076
Capital Outlay				21,152	21,152
Total Cash Disbursements	<u>106,938</u>	<u>136,512</u>	<u>0</u>	<u>21,152</u>	<u>264,602</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(13,584)</u>	<u>(7,443)</u>	<u>0</u>	<u>0</u>	<u>(21,027)</u>
Fund Cash Balances, January 1	<u>39,321</u>	<u>38,695</u>	<u>3,157</u>	<u>0</u>	<u>81,173</u>
Fund Cash Balances, December 31	<u>\$25,737</u>	<u>\$31,252</u>	<u>\$3,157</u>	<u>\$0</u>	<u>\$60,146</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen Township, Belmont 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 road and bridge maintenance and fire protection. The Township contracts with the Village of Belmont and Village of Bethesda Volunteer Fire Departments to provide fire 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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

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 for constructing, maintaining and repairing Township roads.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township's General Note Retirement Fund had no activity for the years ended December 31, 2002 and 2001.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Issue II Fund - The Township received a grant from the State of Ohio through the Belmont County Engineer to resurface Township roads.

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, or 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. 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 2002 and 2001 budgetary activity appears in Note 3.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, 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:

	2002	2001
Demand deposits	\$43,502	\$60,146

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

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	\$96,536	\$88,401	(\$8,135)
Special Revenue	124,336	128,362	4,026
Total	\$220,872	\$216,763	(\$4,109)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,574	\$96,243	\$7,331
Special Revenue	152,988	137,259	15,729
Debt Service	3,157	0	3,157
Total	\$259,719	\$233,502	\$26,217

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,552	\$93,354	\$15,802
Special Revenue	118,357	129,069	10,712
Capital Projects	0	21,152	21,152
Total	\$195,909	\$243,575	\$47,666

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,438	\$106,938	\$9,500
Special Revenue	150,413	136,512	13,901
Capital Projects	0	21,152	(21,152)
Total	\$266,851	\$264,602	\$2,249

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue II, Capital Projects Fund by \$21,152 for the year ended December 31, 2001.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. 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.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

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. 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*

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 6, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-003 and 2002-004.

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 misstatement 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 believe the reportable conditions described above are not material weaknesses. 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 June 6, 2003.

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2003

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.09 states that each subdivision is required to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Also, Auditor of State Management Advisory Services (MAS) Bulletin 89-17, updated by Auditor of State Bulletin 2002-004, requires all local governments participating in Issue II projects through the Ohio Public Works Commission to establish an Issue II, Capital Projects Fund, to account for Issue II monies anticipated to be received. The fund appropriations should also include the amount necessary to meet the obligations to be incurred during the fiscal year.

In 2001, the Township received/expended Issue II monies in the amount of \$21,152 and did not establish an Issue II, Capital Projects Fund, to account for these receipts and expenditures nor did they obtain an amended certificate and a supplemental appropriation, as required by Ohio Rev. Code Sections 5705.36 and 5705.40. This caused the Township's 2001 Capital Projects Fund receipts and expenditures to be understated by the amount of the Issue II funds. The audited financial statements were adjusted in 2001 to reflect Issue II receipts and expenditures.

We recommend the Township establish an Issue II, Capital Projects Fund, to account for Issue II monies and to obtain an amended certificate and supplemental appropriations for the same. The Clerk should refer to Auditor of State Bulletin 2002-004 and Auditor of State Bulletin 2000-08 for additional guidance in accounting for on-behalf-of grants with the County or State.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision shall make any expenditure of money unless the same has been properly appropriated.

At December 31, 2001, the Township's Issue II Fund had expenditures which exceeded appropriations as follows:

<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
\$0	\$21,152	(\$21,152)

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.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2002-003

Reportable Condition - Posting of Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by the Ohio Administrative Code Section 117-7-01.

Intergovernmental revenues, miscellaneous revenues and note retirement principal and interest payments were not posted into the correct receipt classification or appropriation classification, based on the source of receipt and nature of disbursement. As a result, reclassifications to the financial statements were required.

We recommend the Clerk consult the Ohio Administrative Code Section and/or the Township Handbook when monies are received and disbursed, to help ensure these transactions are posted to the correct receipt and appropriation classifications.

FINDING NUMBER 2002-004

Reportable Condition - Posting of Budgetary Amounts

Appropriations as approved by the Board of Trustees and estimated receipts as approved by the County Budget Commission should be entered into the Township's computer system.

The Clerk did not accurately post appropriations and estimated receipts to the Uniform Accounting Network system. Because the information posted to the system was inaccurate, Township management was unable to effectively monitor budget versus actual activity. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations as approved by the Board of Trustees and estimated receipts as certified by the County Budget Commission.

To help ensure more useful comparisons of budget versus actual activity, we recommend the Township Clerk post appropriations and estimated receipts to the computer system, as approved by the Board of Trustees and certified by the County Budget Commission.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-41007-001	The Township had not established a Capital Projects Fund for Issue II monies contrary to Ohio Rev. Code Section 5705.09. An additional amended certificate and supplemental appropriation were not obtained contrary to Ohio Rev. Code Sections 5705.36 and 5705.40.	No	Reissued as Finding 2002-001.
2000-41007-002	The Township did not encumber funds prior to incurring obligations contrary to Ohio Rev. Code Section 5705.41(D).	No	Partially corrected. Reissued as a Management Letter comment.
2000-41007-003	The Township had expenditures which exceeded appropriations contrary to Ohio Rev. Code Section 5705.41(B).	No	Reissued as Finding 2002-002 and as a Management Letter comment.



**Auditor of State
Betty Montgomery**

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GOSHEN TOWNSHIP

BELMONT 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 31, 2003**