



**Auditor of State  
Betty Montgomery**



**OHIO TOWNSHIP  
CLERMONT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Ohio Township  
Clermont County  
2897 Mt. Pisgah Road  
New Richmond, Ohio 45157

To the Board of Trustees:

We have audited the accompanying financial statements of Ohio Township, Clermont 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 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 March 24, 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.

This report is intended solely for the information and use of the management, the Board 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 24, 2003

**OHIO TOWNSHIP  
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$68,090	\$91,782	\$64,750	\$0	\$224,622
Intergovernmental	45,657	87,818			133,475
Licenses, Permits, and Fees	11,328	7,815			19,143
Earnings on Investments	10,215	766			10,981
Other Revenue	9,171	100			9,271
	<u>144,461</u>	<u>188,281</u>	<u>64,750</u>	<u>0</u>	<u>397,492</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	142,183	35,979			178,162
Public Safety		48,832			48,832
Public Works	3,475	95,922			99,397
Health	10,636				10,636
Conservation - Recreation	9,393				9,393
Debt Service:					
Redemption of Principal			14,000		14,000
Interest and Fiscal Charges			50,733		50,733
Capital Outlay	9,147	80,600		766,109	855,856
	<u>174,834</u>	<u>261,333</u>	<u>64,733</u>	<u>766,109</u>	<u>1,267,009</u>
Total Cash Disbursements	<u>174,834</u>	<u>261,333</u>	<u>64,733</u>	<u>766,109</u>	<u>1,267,009</u>
Total Receipts Over/(Under) Disbursements	<u>(30,373)</u>	<u>(73,052)</u>	<u>17</u>	<u>(766,109)</u>	<u>(869,517)</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets		20,000			20,000
	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
Total Other Financing Receipts	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(30,373)	(53,052)	17	(766,109)	(849,517)
Fund Cash Balances, January 1	106,824	431,099	0	892,139	1,430,062
<b>Fund Cash Balances, December 31</b>	<b><u>\$76,451</u></b>	<b><u>\$378,047</u></b>	<b><u>\$17</u></b>	<b><u>\$126,030</u></b>	<b><u>\$580,545</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$121,509</u>	<u>\$121,509</u>

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

**OHIO TOWNSHIP  
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$68,074	\$162,052	\$0	\$230,126
Intergovernmental	38,091	81,830		119,921
Licenses, Permits, and Fees	8,387	2,200		10,587
Earnings on Investments	19,565	1,805		21,370
Other Revenue	1,596	550		2,146
	<u>135,713</u>	<u>248,437</u>	<u>0</u>	<u>384,150</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	130,567	53,043		183,610
Public Safety		24,736		24,736
Public Works	3,269	90,388		93,657
Health	16,517			16,517
Conservation - Recreation	19,745			19,745
Capital Outlay		12,075	7,861	19,936
	<u>170,098</u>	<u>180,242</u>	<u>7,861</u>	<u>358,201</u>
Total Cash Disbursements	<u>170,098</u>	<u>180,242</u>	<u>7,861</u>	<u>358,201</u>
Total Receipts Over/(Under) Disbursements	<u>(34,385)</u>	<u>68,195</u>	<u>(7,861)</u>	<u>25,949</u>
<b>Other Financing Receipts:</b>				
Proceeds from Sale of Bonds			900,000	900,000
	<u>0</u>	<u>0</u>	<u>900,000</u>	<u>900,000</u>
Total Other Financing Receipts	<u>0</u>	<u>0</u>	<u>900,000</u>	<u>900,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(34,385)	68,195	892,139	925,949
Fund Cash Balances, January 1	141,209	362,904	0	504,113
<b>Fund Cash Balances, December 31</b>	<b><u>\$106,824</u></b>	<b><u>\$431,099</u></b>	<b><u>\$892,139</u></b>	<b><u>\$1,430,062</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$32,139</u>	<u>\$32,139</u>

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



**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Township, Clermont County, Ohio (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, cemetery maintenance, and contracts with other townships to provide fire protection and emergency medical services. The Township also contracts with the Clermont County Sheriff's department to provide police 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.

The investment with STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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:

**OHIO TOWNSHIP  
CLERMONT 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.

Fire District Fund

This fund receives property tax money and charges for services for providing fire safety to the Township.

Ambulance Levy Fund

This fund receives money from a levy to provide emergency medical services to residents inside and outside the Township.

**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 Debt Service Fund:

Debt Retirement

This fund receives money from a levy to repay the bond for the Township Fire Station.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Project Fund:

Bond Fund

This fund received money from the sale of a bond to construct a new Township Fire Station.

**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.

**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

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

**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.

**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.

**G. Accumulated Leave**

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

**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:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$468,568	\$1,320,074
STAR Ohio investment	111,977	109,988
Total deposits and investments	<u>\$580,545</u>	<u>\$1,430,062</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.

**Investments:** Investment in STAROhio is not evidenced by securities that exist in physical or book-entry form.

**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

**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	\$143,999	\$144,461	\$462
Special Revenue	208,206	208,281	\$75
Debt Service	64,750	64,750	0
Total	\$416,955	\$417,492	\$537

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$227,817	\$174,834	\$52,983
Special Revenue	619,677	261,333	358,344
Debt Service	64,750	64,733	17
Capital Projects	892,139	887,618	4,521
Total	\$1,804,383	\$1,388,518	\$415,865

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,722	\$135,713	\$11,991
Special Revenue	236,376	248,437	12,061
Capital Projects	900,000	900,000	0
Total	\$1,260,098	\$1,284,150	\$24,052

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$264,931	\$170,098	\$94,833
Special Revenue	599,280	180,242	419,038
Capital Projects	900,000	40,000	860,000
Total	\$1,764,211	\$390,340	\$1,373,871

**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

**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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Township Fire Station Bonds	<u>\$886,000</u>	5%

The Township Fire Station Bonds were issued to finance the costs of constructing a new township fire station. The bonds are collateralized solely by the Township's taxing authority.

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

	<u>Township Fire Station Bonds</u>
Year ending December 31:	
2003	\$58,300
2004	58,600
2005	57,850
2006	59,100
2007	58,250
2008 – 2012	292,500
2013 – 2017	292,750
2018 – 2022	293,350
2023 – 2027	292,150
2028 – 2031	<u>234,700</u>
Total	<u><u>\$1,697,550</u></u>

**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide 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 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.

**7. 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.

**OHIO TOWNSHIP  
CLERMONT COUNTY**

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

**7. 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 (Latest 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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**Auditor of State  
Betty Montgomery**

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

Ohio Township  
Clermont County  
2897 Mt. Pisgah Road  
New Richmond, Ohio 45157

To the Board of Trustees:

We have audited the accompanying financial statements of Ohio Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 24, 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 an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 24, 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. 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 certain 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 March 24, 2003.

This report is intended solely for the information and use of the 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

March 24, 2003



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**OHIO TOWNSHIP**

**CLERMONT 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  
MAY 8, 2003**