



**Auditor of State
Betty Montgomery**

**ATHENS TOWNSHIP
HARRISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Athens Township
Harrison County
74070 Flushing New Athens Road
P.O. Box 147
New Athens, OH 43981

To the Board of Trustees:

We have audited the accompanying financial statements of Athens Township, Harrison County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio Governments.

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 Athens Township, Harrison County, as of December 31, 2003 and 2002, 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 4, 2004 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

Athens Township
Harrison County
Independent Accountants' Report
Page 2

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 Section 117.26, Ohio Revised Code, and are 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 4, 2004

**ATHENS TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Local Taxes	\$9,602	\$27,290		\$36,892
Intergovernmental	16,677	71,856		88,533
Licenses, Permits, and Fees		6,163		6,163
Earnings on Investments	167			167
Other Revenue	154	2,115		2,269
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,600	107,424		134,024
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	25,112			25,112
Public Safety		9,837		9,837
Public Works		63,950		63,950
Health	768	21,029		21,797
Human Services				0
Conservation - Recreation		23,050		23,050
Debt Service:				
Redemption of Principal		9,777		9,777
Interest and Fiscal Charges		413		413
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,880	128,056		153,936
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	720	(20,632)		(19,912)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		30,000		30,000
Transfers-In	93	909		1,002
Transfers-Out		(909)	(93)	(1,002)
Other Sources		70		70
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	93	30,070	(93)	30,070
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	813	9,438	(93)	10,158
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	802	18,737	93	19,632
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$1,615</u>	<u>\$28,175</u>	<u>\$0</u>	<u>\$29,790</u>

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

ATHENS TOWNSHIP
HARRISON COUNTY

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

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Local Taxes	\$8,418	\$25,202		\$33,620
Intergovernmental	16,105	68,022		84,127
Licenses, Permits, and Fees		5,160		5,160
Earnings on Investments	102			102
Other Revenue	518	4,500		5,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	25,143	102,884		128,027
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	26,097	1,988		28,085
Public Safety		9,882		9,882
Public Works		66,599		66,599
Health	768	14,832		15,600
Capital Outlay		937		937
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	26,865	94,238		121,103
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(1,722)	8,646		6,924
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	2,524	10,091	\$93	12,708
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$802</u>	<u>\$18,737</u>	<u>\$93</u>	<u>\$19,632</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31		\$248		\$248
	<hr/>	<hr/>	<hr/>	<hr/>

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

**ATHENS TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Athens Township, Harrison 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, public safety, public works, road maintenance, and cemetery maintenance. The Township contracts with New Athens Volunteer Fire Department to provide fire protection and with the Village of New Athens to provide police 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. 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 Fund:

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

3. Fiduciary Funds (Agency Funds)

These funds are used to account for funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

**ATHENS TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unclaimed Money Fund – This fund is used to account for unclaimed monies originating from outstanding checks never cashed.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

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:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$29,790</u>	<u>\$19,632</u>

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

**ATHENS TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,072	\$26,693	\$621
Special Revenue	133,004	138,403	5,399
Total	\$159,076	\$165,096	\$6,020

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,600	\$25,880	\$2,720
Special Revenue	145,553	128,965	16,588
Total	\$174,153	\$154,845	\$19,308

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,154	\$25,143	(\$1,011)
Special Revenue	101,924	102,884	960
Total	\$128,078	\$128,027	(\$51)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,535	\$26,865	\$2,670
Special Revenue	109,320	94,486	14,834
Total	\$138,855	\$121,351	\$17,504

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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.

**ATHENS TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note	\$20,222	5.50%

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

	General Obligation Note
Year ending December 31:	
2004	\$21,334
Total	\$21,334

The general obligation note was issued during 2003 to help pay for park project expenses until the Nature Works Grant was received by the Township. The original loan amount was \$30,000 borrowed from Harrison County at a rate of 5.5% per annum. The collateral for the loan was the full faith and credit of the Township along with the anticipation of the grant receipts.

6. RETIREMENT SYSTEM

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 prescribed by the Ohio Revised Code. For 2003 and 2002, 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, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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

Athens Township
Harrison County
74070 Flushing New Athens Road
P.O. Box 147
New Athens, OH 43981

To the Board of Trustees:

We have audited the accompanying financial statements of Athens Township, Harrison County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 4, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as required, operates UAN. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 4, 2004.

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 June 4, 2004.

Athens Township
Harrison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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 4, 2004

**ATHENS TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Ohio Revised Code § 5705.41 (D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

The Township did not certify or record the amount against the applicable appropriation accounts for 48% of the tested expenditures during 2003 and 5% during 2002. The Township did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Township should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

This Page is Intentionally Left Blank.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ATHENS TOWNSHIP

HARRISON 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 8, 2004**