

**KEENE TOWNSHIP**

**AUDIT REPORT**

**JANUARY 1, 2003 – DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Keene Township, Coshocton County  
27218 County Road 406  
Fresno, Ohio 43824

We have reviewed the *Independent Auditor's Report* of Keene Township, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2003 to December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Keene Township, Coshocton County, is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 20, 2005

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**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**27218 County Road 406  
Keene, OH 43828**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2004**

<u>NAME</u>	<u>TITLE</u>	<u>TERM</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Bruce Horn	Trustee	01/01/04-12/31/07	(A)	\$1,000	(B)
Paul Schonauer	Trustee	01/01/02-12/31/05	(A)	\$1,000	(B)
Tom Raber	Trustee	01/01/02-12/31/05	(A)	\$1,000	(B)
Robert Raber 27218 County Road 406 Keene, Ohio 43828	Clerk	04/01/03-03/31/07	(A)	\$3,000	(B)

**STATUTORY LEGAL COUNSEL**

Robert Batchelor, Prosecutor  
Coshocton County  
318 Chestnut Street.  
Coshocton, OH 43812

- (A) The Personal Service Insurance Co.
- (B) Concurrent with term

**KEENE TOWNSHIP  
COSHOCOTON COUNTY**

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES**

**General Fund Type:**

General Fund

**Special Revenue Fund Types:**

Motor Vehicle License Tax Fund

Gasoline Tax Fund

Road and Bridge Fund

Cemetery Fund

Fire District Fund

Special Levy Fund

Permissive Tax Fund

**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Keene Township  
Keene, Ohio

We have audited the accompanying financial statements of Keene Township as of and for the years ended December 31, 2004 and 2003. 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 and *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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Keene Township's combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Keene Township, Coshocton County, as of December 31, 2004 and 2003, 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 May 19, 2005, on our consideration of Keene Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in conjunction with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
May 19, 2005

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 21,315	\$ 49,494	\$ 70,809
Charges for services	807	-	807
Intergovernmental	20,032	78,990	99,022
Interest	809	1,032	1,841
Miscellaneous	-	1,200	1,200
<b>TOTAL CASH RECEIPTS</b>	<u>42,963</u>	<u>130,716</u>	<u>173,679</u>
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	23,729	30,674	54,403
Public work activities	7,100	11,074	18,174
Public health services	3,902	600	4,502
Capital outlay	43,249	-	43,249
Conservation - recreation	150	-	150
<b>TOTAL CASH DISBURSEMENTS</b>	<u>78,130</u>	<u>42,348</u>	<u>120,478</u>
<b>TOTAL RECEIPTS OVER(Under) CASH DISBURSEMENTS</b>	(35,167)	88,368	53,201
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>90,999</u>	<u>155,509</u>	<u>246,508</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u>\$ 55,832</u>	<u>\$ 243,877</u>	<u>\$ 299,709</u>

See notes to financial statements.



**KEENE TOWNSHIP  
COSHOCOTON COUNTY**

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

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 19,509	\$ 58,458	\$ 77,967
Charges for services	1,945	-	1,945
Intergovernmental	26,308	70,037	96,345
Interest	950	512	1,462
Miscellaneous	-	2,850	2,850
	48,712	131,857	180,569
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	24,205	30,690	54,895
Public safety services	4,455	10,812	15,267
Public work activities	12,751	35,043	47,794
Public health services	4,405	1,000	5,405
Capital outlay	-	-	-
Conservation - recreation	150	-	150
	45,966	77,545	123,511
<b>TOTAL CASH RECEIPTS</b>			
<b>TOTAL CASH DISBURSEMENTS</b>			
<b>TOTAL RECEIPTS OVER(UNDER) CASH DISBURSEMENTS</b>	2,746	54,312	57,058
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>			
Transfers-In	-	2,000	2,000
Transfers-Out	(2,000)	-	(2,000)
	(2,000)	2,000	-
<b>TOTAL OTHER FINANCING RECEIPTS (DISBURSEMENTS)</b>			
<b>EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS</b>	746	56,312	57,058
<b>FUND CASH BALANCES, JANUARY 1</b>	90,253	99,197	189,450
<b>FUND CASH BALANCES, DECEMBER 31</b>	\$ 90,999	\$ 155,509	\$ 246,508

See notes to financial statements.

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Keene Township (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 maintenance of Township roads, cemeteries, and fire protection. The Township contracts with the Three Rivers Fire District to provide 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 cash 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 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 cash is maintained in a pooled checking account. The Township has no investments.

**D. 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:

**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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

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

**Gasoline Tax Fund** – This fund receives gasoline tax receipts for maintaining and repairing Township roads.

**Cemetery Fund** – This fund generates money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of Township cemeteries.

**Fire Fund (Special Levy)** – This fund receives real estate tax for the cost associated with the fire protection contract with Tuscarawas Township.

**Road Repair & Maintenance (Special Levy)** – This fund receives real estate money for the construction, repair, and maintenance of Township roads and bridges.

**Road and Bridge Fund** - This fund receives real estate and personal property tax money for the construction, repair and maintenance of Township roads and bridges.

**Permissive Motor Vehicle License Fund** – This fund receives county motor vehicle license tax money for the construction, repair and maintenance of Township roads and bridges.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year-end.

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**E. Budgetary Process (Continued)**

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A Summary of 2004 and 2003 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 in the accompanying financial statements.

**2. Equity in Pooled Cash**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$ 299,709</u>	<u>\$ 246,508</u>

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation, and collateralized by securities specifically pledged by the financial institution to the township.

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Budgetary Activity**

Budgetary activity for the years ended December 31, 2004 and 2003 was as follows:

**2004 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	33,091	42,963	9,872
Special Revenue	<u>127,247</u>	<u>130,716</u>	<u>3,469</u>
Total	<u>\$ 160,338</u>	<u>\$ 173,679</u>	<u>\$ 13,341</u>

**2004 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 124,090	\$ 78,130	\$ 45,960
Special Revenue	<u>282,754</u>	<u>42,348</u>	<u>240,406</u>
Total	<u>\$ 406,844</u>	<u>\$ 120,478</u>	<u>\$ 286,366</u>

**2003 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 32,613	\$ 48,712	\$ 16,099
Special Revenue	<u>128,592</u>	<u>133,857</u>	<u>5,265</u>
	<u>\$ 161,205</u>	<u>\$ 182,569</u>	<u>\$ 21,364</u>

**2003 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 122,866	\$ 47,966	\$ 74,900
Special Revenue	<u>227,788</u>	<u>77,545</u>	<u>150,243</u>
Total	<u>\$ 350,654</u>	<u>\$ 125,511</u>	<u>\$ 225,143</u>

**KEENE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 payments, 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 Trustees, Clerk and part-time 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 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 2004 and 2003, members of PERS 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, 2004.

**6. Risk Management**

The Township maintains insurance coverage through Ohio Risk Management that provides the following coverages:

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

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Board of Trustees  
Keene Township  
Keene, Ohio

We have audited the financial statements of Keene Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 19, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Keene Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion 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 weakness. A material weakness is a reportable 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 caused by error or fraud 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.

**Compliance**

As part of obtaining reasonable assurance about whether Keene Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 Standard*. However, we noted immaterial instances of noncompliance that we have reported to management of Keene Township in a separate letter dated May 19, 2005.

This report is intended for the information of the Board of Trustees, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolfe, Wilson, & Phillips, Inc.*  
Zanesville, Ohio  
May 19, 2005







**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

**KEENE TOWNSHIP  
COSHOCOTON 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 5, 2005**