



**DECATUR TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DECATUR TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Decatur Township
Washington County
Route 1 Box 94
Little Hocking, Ohio 45742

To the Board of Trustees:

We have audited the accompanying financial statements of Decatur Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 Decatur Township, Washington County, as of December 31, 1999 and 1998, 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 April 24, 2000 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.

This report is intended solely for the information and use of the management and 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 24, 2000

**DECATUR TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$33,144	\$4,874	\$38,018
Intergovernmental	44,614	111,006	155,620
Earnings on Investments	1,663	741	2,404
Other Revenue	35	129	164
	<u>79,456</u>	<u>116,750</u>	<u>196,206</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	72,253		72,253
Public Safety	1,000		1,000
Public Works		111,395	111,395
Health	2,522	2,064	4,586
Debt Service:			
Redemption of Principal		8,885	8,885
Interest and Fiscal Charges		3,115	3,115
Capital Outlay		5,930	5,930
	<u>75,775</u>	<u>131,389</u>	<u>207,164</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>3,681</u>	<u>(14,639)</u>	<u>(10,958)</u>
Other Financing Receipts/(Disbursements):			
Other Sources		200	200
		<u>200</u>	<u>200</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,681	(14,439)	(10,758)
Fund Cash Balances, January 1	<u>27,912</u>	<u>66,508</u>	<u>94,420</u>
Fund Cash Balances, December 31	<u>\$31,593</u>	<u>\$52,069</u>	<u>\$83,662</u>

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

DECATUR TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$62
Total Operating Cash Receipts	62
Operating Income/(Loss)	62
Cash Balances, January 1	1,992
Cash Balances, December 31	\$2,054

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

**DECATUR TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$29,152	\$4,213	\$	\$	\$33,365
Intergovernmental	41,594	126,285			167,879
Earnings on Investments	1,439	969			2,408
Other Revenue	2,185	118			2,303
Total Cash Receipts	<u>74,370</u>	<u>131,585</u>			<u>205,955</u>
Cash Disbursements:					
Current:					
General Government	58,016				58,016
Public Safety	1,000				1,000
Public Works		105,774			105,774
Health	2,669	79			2,748
Debt Service:					
Redemption of Principal		7,335	1,440		8,775
Interest and Fiscal Charges		3,779			3,779
Capital Outlay	9,861	613		66,000	76,474
Total Cash Disbursements	<u>71,546</u>	<u>117,580</u>	<u>1,440</u>	<u>66,000</u>	<u>256,566</u>
Total Receipts Over/(Under) Disbursements	<u>2,824</u>	<u>14,005</u>	<u>(1,440)</u>	<u>(66,000)</u>	<u>(50,611)</u>
Other Financing Receipts/(Disbursements):					
Other Sources		50			50
Total Other Financing Receipts/(Disbursements)		<u>50</u>			<u>50</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,824</u>	<u>14,055</u>	<u>(1,440)</u>	<u>(66,000)</u>	<u>(50,561)</u>
Fund Cash Balances, January 1	<u>25,088</u>	<u>52,453</u>	<u>1,440</u>	<u>66,000</u>	<u>144,981</u>
Fund Cash Balances, December 31	<u>\$27,912</u>	<u>\$66,508</u>	<u>\$0</u>	<u>\$0</u>	<u>\$94,420</u>

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

**DECATUR TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts:			
Earnings on Investments	\$79	\$	\$79
Total Operating Cash Receipts	79		79
Operating Income/(Loss)	79		79
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		117	117
Total Non-Operating Cash Disbursements		117	117
Net Receipts Over/(Under) Disbursements	79	(117)	(38)
Fund Cash Balances, January 1	1,913	117	2,030
Fund Cash Balances, December 31	\$1,992	\$0	\$1,992

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

**DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Decatur Township, Washington 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 governmental services, including road and bridge maintenance, cemetery maintenance, and 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 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.

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 Funds:

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

Permissive Sales Tax Fund - This fund receives sales tax money to pay for constructing, maintaining and repairing Township roads.

DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund was used for debt payments related to a loan for Township equipment. This loan was paid off in 1997 and the remaining balance was exhausted in 1998. This is no longer a fund of the Township beginning in 1999. Cash from the Gasoline Fund will make subsequent debt service payments for the road grader.

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 Project Fund:

Capital Equipment Fund - This fund was used to purchase equipment for the Township with note proceeds received in 1997. The note payments are made from the Gasoline Fund. This is no longer a fund of the Township beginning in 1999.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

Ketchum Fund - This Nonexpendable Trust Fund received the interest income from the corpus of the trust. Expenditures are restricted by the trust agreement.

Agency Fund - This fund had unclaimed moneys which were distributed to the General Fund in 1998. This is no longer a fund of the Township beginning in 1999.

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. Appropriations lapse at year end.

**DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 1999 and 1998 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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>1999</u>	<u>1998</u>
Demand deposits	\$84,716	\$95,412
Certificates of deposit	<u>1,000</u>	<u>1,000</u>
Total deposits	<u>85,716</u>	<u>96,412</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,131	\$79,456	\$15,325
Special Revenue	95,496	116,950	21,454
Nonexpendable Trust	0	62	62
Total	<u>\$159,627</u>	<u>\$196,468</u>	<u>\$36,841</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,608	\$75,775	\$9,833
Special Revenue	163,554	131,389	32,165
Nonexpendable Trust	2,005	0	2,005
Total	<u>\$251,167</u>	<u>\$207,164</u>	<u>\$44,003</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,893	\$74,370	\$12,477
Special Revenue	98,208	131,635	33,427
Debt Service	0	0	0
Capital Projects	0	0	0
Nonexpendable Trust	0	79	79
Total	<u>\$160,101</u>	<u>\$206,084</u>	<u>\$45,983</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,287	\$71,546	\$12,741
Special Revenue	116,011	117,580	(1,569)
Debt Service	1,440	1,440	0
Capital Projects	66,000	66,000	0
Nonexpendable Trust	1,913	117	1,796
Total	<u>\$269,651</u>	<u>\$256,683</u>	<u>\$12,968</u>

**DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$48,358	5.75%
Total	\$48,358	

The general obligation notes were issued to finance the purchase of a new grader to be used for Township road maintenance. The notes are collateralized by the grader.

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

Year ending December 31:	General Obligation Notes
2000	\$9,782
2001	9,370
2002	8,959
2003	8,547
2004	8,136
Subsequent	13,307
Total	\$58,101

DECATUR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. 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 plans provide 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 1999 and 1998, 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, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Decatur Township
Washington County
Route 1 Box 94
Little Hocking, Ohio 45742

To the Board of Trustees:

We have audited the accompanying financial statements of Decatur Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 24, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* in the accompanying Schedule of Findings as item 1999-41084-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 April 24, 2000.

This report is intended 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 24, 2000

**DECATUR TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-41084-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

For the year ending December 31, 1999, expenditures exceeded appropriations in the following fund:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Permissive Sales Tax	\$34,350	\$38,576	(\$4,226)

For the year ending December 31, 1998, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Federal Emergency Management Agency (FEMA)	\$994	\$3,247	(\$2,253)
Permissive Sales Tax	0	35,594	(35,594)

Expenditures also exceeded appropriations at the legal level of control in the General, Motor Vehicle Licence Tax, Gasoline Tax, Road and Bridge, and Federal Emergency Management Agency Funds in 1999 and in the General, Motor Vehicle Licence Tax, Gasoline Tax, and Road and Bridge Funds in 1998.

We recommend the Clerk certify that funds have been appropriated before the Township incurs an obligation. In the event appropriations have not been made, but resources are available and have been certified to the County Auditor, we recommend the Township Trustees approve amending the appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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DECATUR TOWNSHIP

WASHINGTON 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 6, 2000**