



**MIDDLETON TOWNSHIP
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIDDLETON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Middleton Township
Wood County
114 Sugar Street
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To the Board of Trustees:

We have audited the accompanying financial statements of Middleton Township, Wood 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 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 May 25, 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.

Middleton Township
Wood County
Report of Independent Accountants
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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.

Jim Petro
Auditor of State

May 25, 2000

**MIDDLETON 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$53,137	\$284,179	\$86,289	\$423,605
Intergovernmental	93,396	125,125	9,646	228,167
Charges for Services		20,383		20,383
Licenses, Permits, and Fees	6,157	13,925		20,082
Earnings on Investments	10,369	4,563	7,013	21,945
Other Revenue	686	727		1,413
	<u>163,745</u>	<u>448,902</u>	<u>102,948</u>	<u>715,595</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	126,514			126,514
Public Safety	5,379	243,253		248,632
Public Works		74,811		74,811
Health	10,809			10,809
Debt Service:				
Redemption of Principal		100,000		100,000
Interest and Fiscal Charges		752		752
Capital Outlay	6,933	215,031	94,760	316,724
	<u>149,635</u>	<u>633,847</u>	<u>94,760</u>	<u>878,242</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>14,110</u>	<u>(184,945)</u>	<u>8,188</u>	<u>(162,647)</u>
Other Financing Receipts/(Disbursements):				
Sale of Notes		100,000		100,000
Transfers-In		10,000		10,000
Transfers-Out	(10,000)			(10,000)
	<u>(10,000)</u>	<u>110,000</u>		<u>100,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>4,110</u>	<u>(74,945)</u>	<u>8,188</u>	<u>(62,647)</u>
Fund Cash Balances, January 1	<u>107,426</u>	<u>397,600</u>	<u>208,906</u>	<u>713,932</u>
Fund Cash Balances, December 31	<u><u>\$111,536</u></u>	<u><u>\$322,655</u></u>	<u><u>\$217,094</u></u>	<u><u>\$651,285</u></u>
Reserve for Encumbrances, December 31		<u><u>\$17,520</u></u>		<u><u>\$17,520</u></u>

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

**MIDDLETON 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$52,137	\$280,380	\$84,870	\$417,387
Intergovernmental	72,045	118,633	9,349	200,027
Charges for Services	717	12,306		13,023
Licenses, Permits, and Fees	5,702	17,223		22,925
Earnings on Investments	11,576	7,859	16,262	35,697
Other Revenue	541	365		906
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	142,718	436,766	110,481	689,965
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	121,073			121,073
Public Safety		218,968		218,968
Public Works	5,000	134,778		139,778
Health	10,148			10,148
Capital Outlay		48,939	52,916	101,855
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	136,221	402,685	52,916	591,822
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	6,497	34,081	57,565	98,143
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	100,929	363,519	151,341	615,789
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$107,426</u>	<u>\$397,600</u>	<u>\$208,906</u>	<u>\$713,932</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$2,394</u>	<u>\$89,698</u>	<u>\$80,395</u>	<u>\$172,487</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Middleton Township, Wood 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, fire protection and emergency medical 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

Certificates of deposit are valued at cost.

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.

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 Fund:

EMS Special Levy Fund - This fund receives property tax money and fee collections for the operation of the Township's emergency medical services.

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

3. 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:

Fire Capital Equipment Fund - This receives proceeds of a tax levy to purchase fire equipment.

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.

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 1999 and 1998 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.

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:

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$340,204	\$388,749
Certificates of deposit	<u>311,081</u>	<u>325,183</u>
Total deposits	<u><u>\$651,285</u></u>	<u><u>\$713,932</u></u>

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,489	\$163,745	\$66,256
Special Revenue	424,929	558,902	133,973
Capital Projects	<u>109,317</u>	<u>102,948</u>	<u>(6,369)</u>
Total	<u><u>\$631,735</u></u>	<u><u>\$825,595</u></u>	<u><u>\$193,860</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$204,916	\$159,635	\$45,281
Special Revenue	822,529	651,367	171,162
Capital Projects	<u>318,222</u>	<u>94,760</u>	<u>223,462</u>
Total	<u><u>\$1,345,667</u></u>	<u><u>\$905,762</u></u>	<u><u>\$439,905</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,497	\$142,718	\$60,221
Special Revenue	482,121	436,766	(45,355)
Capital Projects	<u>227,193</u>	<u>110,481</u>	<u>(116,712)</u>
Total	<u><u>\$791,811</u></u>	<u><u>\$689,965</u></u>	<u><u>(\$101,846)</u></u>

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

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,425	\$138,615	\$44,810
Special Revenue	817,844	492,383	325,461
Capital Projects	245,921	133,311	112,610
Total	\$1,247,190	\$764,309	\$482,881

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.

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 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, 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, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental coverage to the Clerk and Board of Trustees through a private carrier.

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

7. CONTINGENT LIABILITIES

The Township is defendant in a recent lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially or adversely affect the Township's financial condition.

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

Middleton Township
Wood County
114 Sugar Street
PO Box 206
Haskins, Ohio 43525-0206

To the Board of Trustees:

We have audited the accompanying financial statements of Middleton Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 25, 2000. We conducted our audits 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 audits 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*.

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 May 25, 2000.

Middleton Township
Wood County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

May 25, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MIDDLETON TOWNSHIP

WOOD 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**