



**WARD TOWNSHIP  
HOCKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Ward Township  
Hocking County  
45867 Snowden Street  
P.O. Box 58  
Murray City, Ohio 43144

To the Board of Trustees:

We have audited the accompanying financial statements of Ward Township, Hocking 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 Ward Township, Hocking 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 March 3, 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 3, 2000



**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,233	\$35,940	\$43,173
Intergovernmental	23,747	67,315	91,062
Other Revenue	958	6,915	7,873
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,938	110,170	142,108
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
General Government	32,058		32,058
Public Safety		24,506	24,506
Public Works		72,074	72,074
Health	125	875	1,000
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	32,183	97,455	129,638
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(245)	12,715	12,470
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,028	2,477	6,505
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$3,783</u></u></b>	<b><u><u>\$15,192</u></u></b>	<b><u><u>\$18,975</u></u></b>

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

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$6,058	\$32,212	\$38,270
Intergovernmental	23,690	82,038	105,728
Other Revenue	484	3,501	3,985
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,232	117,751	147,983
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
General Government	29,979		29,979
Public Safety		24,754	24,754
Public Works		85,916	85,916
Health	972	841	1,813
Capital Outlay		7,744	7,744
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	30,951	119,255	150,206
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(719)	(1,504)	(2,223)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,747	3,981	8,728
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,028</u></b>	<b><u>\$2,477</u></b>	<b><u>\$6,505</u></b>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ward Township, Hocking 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.

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 by law or contract to be restricted.

**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:

*Motor Vehicle License Tax Fund* – This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

*Gasoline Tax Fund* – This fund receives gasoline tax money to construct, maintain and repair Township roads.

*Road and Bridge Fund* – This fund receives property tax money to construct, maintain and repair Township roads.

*Cemetery Fund* – This fund receives fee and permit money to maintain the Township's cemetery.

*Fire District Fund* – This fund receives property tax money to provide fire protection to the residents of the Township.

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

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

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Special Levy Fund* – This fund receives property tax money to provide emergency medical services to the residents of the Township.

**D. 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. Appropriations lapse at year end.

**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. However, the Township was not routinely utilizing encumbrances, contrary to Ohio law.

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.

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

**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>1999</u>	<u>1998</u>
Demand deposits	<u>\$18,975</u>	<u>\$6,505</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,265	\$31,938	\$3,673
Special Revenue	<u>105,137</u>	<u>110,170</u>	<u>5,033</u>
Total	<u>\$133,402</u>	<u>\$142,108</u>	<u>\$8,706</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,324	\$32,183	(\$4,859)
Special Revenue	<u>99,461</u>	<u>97,455</u>	<u>2,006</u>
Total	<u>\$126,785</u>	<u>\$129,638</u>	<u>(\$2,853)</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,115	\$30,232	\$3,117
Special Revenue	<u>116,294</u>	<u>117,751</u>	<u>1,457</u>
Total	<u>\$143,409</u>	<u>\$147,983</u>	<u>\$4,574</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,115	\$30,951	(\$3,836)
Special Revenue	<u>97,618</u>	<u>119,255</u>	<u>(21,637)</u>
Total	<u>\$124,733</u>	<u>\$150,206</u>	<u>(\$25,473)</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

Supplemental appropriations were not adopted by the Board of Trustees in the General Fund, Road and Bridge Fund and Fire District Fund during 1999. As a result, each of these funds had expenditures that exceeded appropriations, contrary to Ohio law. Supplemental appropriations were not adopted by the Board of Trustees in the General Fund, Road and Bridge Fund, Fire District Fund and Miscellaneous Special Revenue Fund during 1998. As a result, each of these funds had expenditures that exceeded appropriations, contrary to Ohio law.

**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 Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Township's 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 insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

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



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

Ward Township  
Hocking County  
45867 Snowden Street  
P.O. Box 58  
Murray City, Ohio 43144

To the Board of Trustees:

We have audited the accompanying financial statements of Ward Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 3, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-40737-001 and 1999-40737-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 3, 2000.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40737-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 March 3, 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

March 3, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

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

**FINDING NUMBER 1999-40737-001**

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

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,324	\$32,183	(\$4,859)
Road and Bridge	13,575	23,401	(9,826)
Fire District	18,015	20,324	(2,309)

For the year ended December 31, 1998, actual disbursements exceeded appropriations as follows:

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,115	\$30,951	(\$3,836)
Road and Bridge	13,030	25,837	(12,807)
Fire District	18,530	20,623	(2,093)
Miscellaneous	0	7,744	(7,744)

This occurred as a result of supplemental or incorrect appropriation information being posted to the UAN system without the approval of the Board of Trustees.

We recommend that the Township review budgetary information on regular basis to ensure disbursements do not exceed appropriations.

**FINDING NUMBER 1999-40737-002**

**Ohio Rev. Code Section 5705.41(D)** states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required of the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Township did not routinely encumber purchases prior to a commitment being made for the transactions tested for 1998 and 1999. The failure to encumber a purchase commitment could cause the Township to spend money that it does not have.

We recommend that the Township not expend money unless there is a certificate of the fiscal officer stating that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 1999-40737-003**

During the audit period, the Township utilized the Uniform Accounting Network (UAN). On this system, checks should be completed on the computer and automatically posted to the various journals to ensure proper posting.

During 1998 and 1999, the Township manually prepared over 50 percent of their checks. The checks were then posted to the journals. This could result in checks being posted with incorrect check numbers or amounts.

We recommend that the Township utilize the Uniform Accounting Network system for the preparation of all checks on the computer.

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1997-40737-001	Material noncompliance citation was of Ohio Rev. Code Section 5705.41(B) regarding the 1996 actual disbursements exceeding the legislatively adopted appropriation resolution.	No	Not Corrected: The citation will be repeated in the audit report for the years ended December 31, 1999 and 1998 as finding number 1999-40737-001.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**WARD TOWNSHIP**

**HOCKING 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  
MARCH 30, 2000**