



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CADIZ TOWNSHIP
HARRISON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Cadiz Township
Harrison County
PO Box 134
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of Cadiz Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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. 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 Cadiz Township as of December 31, 2001 and 2000, 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 12, 2002 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.

This report is intended solely for the information and use of the audit committee, management, the Board 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 12, 2002

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**CADIZ TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$14,804	\$170,153		\$184,957
Intergovernmental	11,923	71,427		83,350
Earnings on Investments	956	109		1,065
Other Revenue	3,061			3,061
Total Cash Receipts	<u>30,744</u>	<u>241,689</u>		<u>272,433</u>
Cash Disbursements:				
Current:				
General Government	29,517			29,517
Public Safety		89,473		89,473
Public Works		76,501		76,501
Health	3,735	75,699		79,434
Debt Service:				
Redemption of Principal			\$8,387	8,387
Interest and Fiscal Charges			1,905	1,905
Total Cash Disbursements	<u>33,252</u>	<u>241,673</u>	<u>10,292</u>	<u>285,217</u>
Total Receipts Over/(Under) Disbursements	<u>(2,508)</u>	<u>16</u>	<u>(10,292)</u>	<u>(12,784)</u>
Other Financing Receipts/(Disbursements):				
Insurance Proceeds	21,598			21,598
Transfers-In		5,200	10,292	15,492
Transfers-Out	(15,492)			(15,492)
Total Other Financing Receipts/(Disbursements)	<u>6,106</u>	<u>5,200</u>	<u>\$10,292</u>	<u>21,598</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,598	5,216		8,814
Fund Cash Balances, January 1	<u>10,071</u>	<u>11,129</u>		<u>21,200</u>
Fund Cash Balances, December 31	<u>\$13,669</u>	<u>\$16,345</u>		<u>\$30,014</u>

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

**CADIZ TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$13,604	\$155,558		\$169,162
Intergovernmental	17,502	71,853		89,355
Earnings on Investments	1,332	166		1,498
Other Revenue	608	414		1,022
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	33,046	227,991		261,037
Cash Disbursements:				
Current:				
General Government	28,780			28,780
Public Safety		82,790		82,790
Public Works		75,695		75,695
Health	3,103	70,452		73,555
Debt Service:				
Redemption of Principal	2,976	4,993		7,969
Interest and Fiscal Charges	2,324			2,324
Capital Outlay	3,600		\$112	3,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	40,783	233,930	112	274,825
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(7,737)	(5,939)	(112)	(13,788)
Other Financing Receipts:				
Sale of Fixed Assets	800			800
Insurance Proceeds	4,175			4,175
Other Sources	7			7
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	4,982			4,982
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(2,755)	(5,939)	(112)	(8,806)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	12,826	17,068	\$112	30,006
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$10,071	\$11,129		\$21,200

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

**CADIZ TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Cadiz 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 road and bridge maintenance, cemetery maintenance and fire protection 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

Investments are included in fund cash balances. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 Funds:

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

**CADIZ TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Fund - This fund receives tax levy monies to provide for the upkeep of a cemetery.

Fire District Fund - This fund receives tax levy monies to provide fire protection services.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment bond and note indebtedness. The Township had a debt service fund to account for payments for the purchase of a backhoe.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the a acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds:

Public Works Project - The Township received Federal Emergency Management Agency (FEMA) monies to help defray the costs of flood damage which occurred during a 1998 flood.

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. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 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.

**CADIZ TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$20,852	\$11,656
STAR Ohio	9,162	9,544
Total deposits and investments	\$30,014	\$21,200

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,739	\$52,342	\$1,603
Special Revenue	243,461	246,889	3,428
Debt Service	10,292	10,292	0
Total	\$304,492	\$309,523	\$5,031

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,775	\$48,744	\$12,031
Special Revenue	249,962	241,673	8,289
Debt Service	10,292	10,292	0
Total	\$321,029	\$300,709	\$20,320

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,880	\$38,028	\$148
Special Revenue	233,122	227,991	(5,131)
Capital Projects	0	0	0
Total	\$271,002	\$266,019	(\$4,983)

**CADIZ TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,680	\$40,783	\$4,897
Special Revenue	243,977	233,930	10,047
Capital Projects	112	112	0
Total	\$289,769	\$274,825	\$14,944

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$27,896	5%

The general obligation note was issued to finance the purchase of a new back hoe to be used to maintain township roads. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2002	\$10,292
2003	10,292
2004	10,291
Total	\$30,875

**CADIZ TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

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.

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

Cadiz Township
Harrison County
PO Box 134
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of Cadiz Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 12, 2002. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 12, 2002.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 12, 2002.

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

April 12, 2002

**CADIZ TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41234-001	Ohio Revised Code § 5705.41 (D) The township did not properly certify expenditures.	Yes	
1999-41234-002	Monthly reconciliation was not performed on the STAR Ohio account.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CADIZ 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
MAY 21, 2002**