



**Auditor of State
Betty Montgomery**

**TATE TOWNSHIP
CLERMONT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tate Township
Clermont County
149 North East Street
Bethel, Ohio 45106

To the Board of Trustees:

We have audited the accompanying financial statements of Tate Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2002 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 *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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code, Section 117.101, requires the Auditor of State to provide UAN services, and Ohio Revised Code, Section 117.11(B) and 115.56, mandate the Auditor of State to audit Ohio governments.

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 and reserves for encumbrances of the Township as of December 31, 2002 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 our report dated August 16, 2004 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 16, 2004

TATE TOWNSHIP
CLERMONT COUNTY

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

	Governmental Fund Types		Fiduciary Fund Type		Totals (Memorandum Only)
	General	Special Revenue	Non-Expendable Trust	Agency	
Cash Receipts:					
Local Taxes	\$92,623	\$582,652	\$0	\$0	\$675,275
Intergovernmental	215,563	208,140			423,703
Licenses, Permits, and Fees	15,761	45,170			60,931
Fines, Forfeitures, and Penalties		918			918
Earnings on Investments	14,367	3,132	22	456	17,977
Other Revenue		32,064			32,064
Total Cash Receipts	338,314	872,076	22	456	1,210,868
Cash Disbursements:					
Current:					
General Government	221,787	11,322			233,109
Public Safety	42,372	551,858			594,230
Public Works	45,231	297,597			342,828
Health	19,569	65,153			84,722
Capital Outlay	90,000	30,283			120,283
Total Cash Disbursements	418,959	956,213	0	0	1,375,172
Total Receipts Over/(Under) Disbursements	(80,645)	(84,137)	22	456	(164,304)
Other Financing Receipts and (Disbursements):					
Advances-In		12,250			12,250
Advances-Out		(12,250)			(12,250)
Other Sources	741	5,015		372,216	377,972
Other Uses				(77,306)	(77,306)
Total Other Financing Receipts/(Disbursements)	741	5,015	0	294,910	300,666
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(79,904)	(79,122)	22	295,366	136,362
Fund Cash Balances, January 1	561,270	904,358	2,297	0	1,467,925
Fund Cash Balances, December 31	\$481,366	\$825,236	\$2,319	\$295,366	\$1,604,287
Reserve for Encumbrances, December 31	\$0	\$4,840	\$0	\$0	\$4,840

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

**TATE TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$79,030	\$533,572	\$0	\$612,602
Intergovernmental	169,753	212,307		382,060
Licenses, Permits, and Fees	13,241	42,826		56,067
Fines, Forfeitures, and Penalties		397		397
Earnings on Investments	20,504	3,501	33	24,038
Other Revenue	225	29,841		30,066
	<u>282,753</u>	<u>822,444</u>	<u>33</u>	<u>1,105,230</u>
Total Cash Receipts				
	<u>282,753</u>	<u>822,444</u>	<u>33</u>	<u>1,105,230</u>
Cash Disbursements:				
Current:				
General Government	186,532	11,774		198,306
Public Safety	40,321	320,172		360,493
Public Works	8,864	236,688		245,552
Health	17,621	48,442		66,063
Capital Outlay	30,368	23,626		53,994
	<u>283,706</u>	<u>640,702</u>	<u>0</u>	<u>924,408</u>
Total Cash Disbursements				
	<u>283,706</u>	<u>640,702</u>	<u>0</u>	<u>924,408</u>
Total Receipts Over/(Under) Disbursements	<u>(953)</u>	<u>181,742</u>	<u>33</u>	<u>180,822</u>
Other Financing Receipts and (Disbursements):				
Advances-In	2,581	20,579		23,160
Advances-Out	(2,581)	(20,579)		(23,160)
Other Sources		8,202		8,202
Other Uses		(1,202)		(1,202)
	<u>0</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total Other Financing Receipts/(Disbursements)				
	<u>0</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(953)</u>	<u>188,742</u>	<u>33</u>	<u>187,822</u>
Fund Cash Balances, January 1	<u>562,223</u>	<u>715,616</u>	<u>2,264</u>	<u>1,280,103</u>
Fund Cash Balances, December 31	<u>\$561,270</u>	<u>\$904,358</u>	<u>\$2,297</u>	<u>\$1,467,925</u>
Reserve for Encumbrances, December 31	<u>\$2,481</u>	<u>\$27,817</u>	<u>\$0</u>	<u>\$30,298</u>

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

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tate Township, Clermont County, Ohio (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, fire protection, emergency medical services, and contracts with the County Sheriff's Office for police protection.

On December 11, 2002 Tate Township and the Village of Bethel signed an agreement to terminate the Bethel-Tate Joint Ambulance District (District) effective April 1, 2003. As described in the agreement, the District continued to provide emergency medical services until April 1, 2003, at which time the emergency medical service functions were assumed by Tate Township.

Effective April 1, 2003, Tate Township began providing emergency medical services throughout an area that covered the Township, including the Village. This operation was included in with the Township Fire Department. Per Ohio Revised Code Section 505.71, upon the dissolution of any joint ambulance district, the county auditor ascertains, apportions, and orders a division of the funds on hand. An agreement between Tate Township and the Village of Bethel stated all tax proceeds of the District collected in 2003 be distributed to Tate Township.

At dissolution all inventory, equipment, and vehicles were transferred to Tate Township. The District's building was owned by the Village of Bethel and by Tate Township. An appraisal was performed on the building and Tate Township paid half of the appraised value to the Village of Bethel for the building. Tate Township was designated the fiscal agent for funds of the dissolved District. A separate account was established by Tate Township for the remaining cash balance of the District and to pay remaining obligations and receipt any revenues due to the District.

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.

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

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.

The investment in STAR Ohio (State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire Fund - This fund receives property tax money to fund fire protection services for the Township and the Village of Bethel.

3. Fiduciary Funds (Non-Expendable 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:

Permanent Endowment Fund – This fund receives proceeds from gifts, donations, and estates, that are to be held and invested by the Board and its successors in office, the income of which is to be used and expended under the direction of the Board in the care, improvement, and beautifying of any burial lot designated and named by the person making the fit, devise, or bequest.

Agency Fund – This fund was created on April 1, 2003, after the dissolution of the Bethel-Tate Joint Ambulance District. This fund was established by Tate Township to account for the remaining funds of the District, to pay remaining obligations, and receipt any revenues due to the District.

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2003	2002
Demand deposits	\$85,716	\$258,174
Demand deposits held as Fiscal Agent	295,366	
Total deposits	381,082	258,174
 STAR Ohio	 1,223,205	 1,209,751
 Total deposits and investments	 \$1,604,287	 \$1,467,925

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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 ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$337,655	\$339,055	\$1,400
Special Revenue	857,973	877,091	19,118
Fiduciary	55	22	(33)
Total	\$1,195,683	\$1,216,168	\$20,485

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$781,951	\$418,959	\$362,992
Special Revenue	1,717,839	961,053	756,786
Fiduciary	2,351	0	2,351
Total	\$2,502,141	\$1,380,012	\$1,122,129

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$203,203	\$282,753	\$79,550
Special Revenue	782,983	830,646	47,663
Fiduciary	53	33	(20)
Total	\$986,239	\$1,113,432	\$127,193

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$766,013	\$286,187	\$479,826
Special Revenue	1,476,800	669,721	807,079
Fiduciary	2,317	0	2,317
Total	\$2,245,130	\$955,908	\$1,289,222

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 certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These 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 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**TATE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	\$16,000,923	\$14,559,524

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	\$6,040,104	\$5,392,670



**Auditor of State
Betty Montgomery**

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

Tate Township
Clermont County
149 North East Street
Bethel, Ohio 45106

To the Board of Trustees:

We have audited the accompanying financial statements of Tate Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 16, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented and, as requested, operates UAN. 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 August 16, 2004.

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 certain 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 August 16, 2004.

Tate Township
Clermont County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 16, 2004



**Auditor of State
Betty Montgomery**

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TATE TOWNSHIP

CLERMONT 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
SEPTEMBER 9, 2004**