



**AUBURN TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Auburn Township, Crawford County
218 North Main Street
Tiro, Ohio 44887

To the Board of Trustees:

We have audited the accompanying financial statements of Auburn Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 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 described 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 Auburn Township, Crawford County, Ohio, as of December 31, 1999, and December 31, 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 February 8, 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 Township Trustees, and other officials authorized to receive this report under Section 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

February 8, 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Cash receipts:				
Taxes	\$9,528	\$40,425	\$0	\$49,953
Charges for services	0	5,000	0	5,000
Intergovernmental receipts	18,006	67,926	0	85,932
Interest	1,535	1,015	0	2,550
Miscellaneous	636	52	6,000	6,688
Total cash receipts	<u>29,705</u>	<u>114,418</u>	<u>6,000</u>	<u>150,123</u>
Cash disbursements:				
Current:				
General government	26,584	1,088	0	27,672
Public safety	1,500	19,181	0	20,681
Public works	5,000	49,185	0	54,185
Health	3,802	0	0	3,802
Debt Service:				
Redemption of Principal	0	0	12,000	12,000
Interest and Fiscal Charges	0	0	1,252	1,252
Capital outlay	0	366	0	366
Total cash disbursements	<u>36,886</u>	<u>69,820</u>	<u>13,252</u>	<u>119,958</u>
Total cash receipts over/(under) cash disbursements	<u>(7,181)</u>	<u>44,598</u>	<u>(7,252)</u>	<u>30,165</u>
Other financing receipts/(disbursements)				
Transfer-in	0	0	7,252	7,252
Transfer-out	0	(7,252)	0	(7,252)
Total other financing receipts/(disbursements)	<u>0</u>	<u>(7,252)</u>	<u>7,252</u>	<u>0</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(7,181)</u>	<u>37,346</u>	<u>0</u>	<u>30,165</u>
Fund cash balances, January 1	<u>33,486</u>	<u>66,089</u>	<u>0</u>	<u>99,575</u>
Fund cash balances, December 31	<u>\$26,305</u>	<u>\$103,435</u>	<u>\$0</u>	<u>\$129,740</u>
Reserve for Encumbrances, December 31	<u>\$29</u>	<u>\$9,853</u>	<u>\$0</u>	<u>\$9,882</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	\$0
Operating Cash Disbursements:	0
Operating Income/(Loss)	0
Fund Cash Balance, January 1	504
Fund Cash Balance, December 31	\$504

The notes to the financial statements are an intergral 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Cash receipts:				
Taxes	\$9,439	\$32,249	\$6,322	\$48,010
Charges for services	0	4,000	0	4,000
Intergovernmental receipts	22,083	73,558	0	95,641
Interest	1,613	657	0	2,270
Miscellaneous	1,230	10,277	10,000	21,507
Total cash receipts	<u>34,365</u>	<u>120,741</u>	<u>16,322</u>	<u>171,428</u>
Cash disbursements:				
Current:				
General government	37,459	410	0	37,869
Public safety	1,500	16,141	0	17,641
Public works	4,417	86,094	0	90,511
Health	1,652	0	0	1,652
Debt Service:				
Redemption of Principal	0	0	15,268	15,268
Interest and Fiscal Charges	0	0	2,398	2,398
Capital outlay	750	15,244	0	15,994
Total cash disbursements	<u>45,778</u>	<u>117,889</u>	<u>17,666</u>	<u>181,333</u>
Total cash receipts over/(under) cash disbursements	<u>(11,413)</u>	<u>2,852</u>	<u>(1,344)</u>	<u>(9,905)</u>
Other financing receipts/(disbursements)				
Transfer-in	0	0	1,344	1,344
Transfer-out	0	(1,344)	0	(1,344)
Total other financing receipts/(disbursements)	<u>0</u>	<u>(1,344)</u>	<u>1,344</u>	<u>0</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(11,413)</u>	<u>1,508</u>	<u>0</u>	<u>(9,905)</u>
Fund cash balances, January 1	44,899	64,581	0	109,480
Fund cash balances, December 31	<u>\$33,486</u>	<u>\$66,089</u>	<u>\$0</u>	<u>\$99,575</u>
Reserve for Encumbrances, December 31	<u>\$1,732</u>	<u>\$237</u>	<u>\$0</u>	<u>\$1,969</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	\$0
Operating Cash Disbursements:	0
Operating Income/(Loss)	0
Fund Cash Balance, January 1	504
Fund Cash Balance, December 31	\$504

The notes to the financial statements are an intergral 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

Auburn Township, Crawford 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 general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Plymouth to provide ambulance 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

The Township maintains its cash in a depository account and in Star Ohio. The investment in STAR Ohio (the 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:

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

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

Fire and Ambulance - This fund receives property tax money to provide ambulance and fire protection services to Township residents.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of note indebtedness.

4. Nonexpendable Trust Fund

This fund is used to account for resources restricted by a legally binding trust agreement.

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 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:

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	1999	1998
Deposits	\$119,298	\$89,667
Star Ohio	10,946	10,412
Total deposits and investments	\$130,244	\$100,079

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

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 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,585	\$29,705	(\$5,880)
Special Revenue	104,500	114,418	9,918
Debt Service	0	13,252	13,252
Nonexpendable Trust	0	0	0
Total	\$140,085	\$157,375	\$17,290

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,071	\$36,915	\$26,156
Special Revenue	166,588	86,925	79,663
Debt Service	6,000	13,252	(7,252)
Nonexpendable Trust	505	0	505
Total	\$236,164	\$137,092	\$99,072

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,101	\$34,365	\$1,264
Special Revenue	128,922	120,741	(8,181)
Debt Service	10,000	17,666	7,666
Nonexpendable Trust	0	0	0
Total	\$172,023	\$172,772	\$749

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,825	\$47,510	\$26,315
Special Revenue	177,003	119,470	57,533
Debt Service	18,000	17,666	334
Fiduciary	505	0	505
Total	\$269,333	\$184,646	\$84,687

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 payments, 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 principal outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Promissory Note	\$10,356	5.6%

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

Year ending December 31:	Promissory Note
2000	10,936
Total	\$10,936

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

6. RETIREMENT SYSTEMS

The Township's officials 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, 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
- Wrongful acts

8. COMPLIANCE

The Township did not require contractors to pay prevailing wages for Township road projects.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Auburn Township, Crawford County
218 North Main Street
Tiro, Ohio 44887

To the Board of Trustees:

We have audited the financial statements of Auburn Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated February 8, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-40517-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 8, 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. 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 other 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 February 8, 2000.

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

February 8, 2000

SCHEDULE OF FINDINGS

DECEMBER 31, 1999 AND 1998

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

Finding Number	1999-40517-001
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Prevailing Wages

Ohio Rev. Code Sections 4115.04 and 4115.05 state the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.

We recommend that the Township require contractors to agree, in writing, to pay prevailing wages for all contracts involving labor.



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AUBURN TOWNSHIP

CRAWFORD 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 23, 2000**