



**ELK TOWNSHIP  
VINTON COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**ELK TOWNSHIP  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Nonexpendable Trust Fund – For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Nonexpendable Trust Fund – For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Prior Audit Findings .....	13

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## REPORT OF INDEPENDENT ACCOUNTANTS

Elk Township  
Vinton County  
302 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statements of Elk Township, Vinton 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 Elk Township, Vinton County, Ohio, 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 April 12, 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

April 12, 2000



**ELK TOWNSHIP**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$11,916	\$51,378	\$	\$63,294
Intergovernmental	12,453	64,782		77,235
Interest	245	420	173	838
Miscellaneous		1,448	839	2,287
<b>Total Cash Receipts</b>	<u>24,614</u>	<u>118,028</u>	<u>1,012</u>	<u>143,654</u>
<b>Cash Disbursements:</b>				
General Government	26,809			26,809
Public Safety		12,315		12,315
Public Works		89,309		89,309
Health	2,341	13,290		15,631
Contract Services		0	1,472	1,472
Capital Outlay		5,883		5,883
<b>Total Cash Disbursements</b>	<u>29,150</u>	<u>120,797</u>	<u>1,472</u>	<u>151,419</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,536)</u>	<u>(2,769)</u>	<u>(460)</u>	<u>(7,765)</u>
<b>Other Financing Sources:</b>				
Other Sources	25	7,456		7,481
<b>Total Other Financing Sources</b>	<u>25</u>	<u>7,456</u>		<u>7,481</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(4,511)	4,687	(460)	(284)
Fund Cash Balances, January 1	14,184	33,287	5,331	52,802
<b>Fund Cash Balances, December 31</b>	<u><u>\$9,673</u></u>	<u><u>\$37,974</u></u>	<u><u>\$4,871</u></u>	<u><u>\$52,518</u></u>

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

**ELK TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$11,454	\$49,005	\$	\$60,459
Intergovernmental	20,621	62,620		83,241
Interest	267	331	181	779
Miscellaneous		1,262	851	2,113
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	32,342	113,218	1,032	146,592
<b>Cash Disbursements:</b>				
General Government	33,090			33,090
Public Safety		11,467		11,467
Public Works		79,831		79,831
Health	1,892	19,687		21,579
Capital Outlay		5,650		5,650
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	34,982	116,635		151,617
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> <u>(2,640)</u>	<hr/> <u>(3,417)</u>	<hr/> <u>1,032</u>	<hr/> <u>(5,025)</u>
<b>Other Financing Sources:</b>				
Other Sources	<hr/> <u>1,375</u>	<hr/> <u>5,304</u>		<hr/> <u>6,679</u>
Total Other Financing Sources	<hr/> <u>1,375</u>	<hr/> <u>5,304</u>		<hr/> <u>6,679</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	<hr/> <u>(1,265)</u>	<hr/> <u>1,887</u>	<hr/> <u>1,032</u>	<hr/> <u>1,654</u>
Fund Cash Balances, January 1	<hr/> <u>15,449</u>	<hr/> <u>31,400</u>	<hr/> <u>4,299</u>	<hr/> <u>51,148</u>
<b>Fund Cash Balances, December 31</b>	<hr/> <u><b>\$14,184</b></u>	<hr/> <u><b>\$33,287</b></u>	<hr/> <u><b>\$5,331</b></u>	<hr/> <u><b>\$52,802</b></u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Elk Township, Vinton 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 and cemetery maintenance, and fire protection. The Township contracts with the Village of McArthur to provide fire 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.

**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 received property tax money to construct, maintain and repair Township roads and bridges.

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

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

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

**D. Fund Accounting (Continued)**

**3. Fiduciary Fund (Trust Fund)**

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 fund:

Cemetery Bequest Fund - This Nonexpendable Trust Fund received interest and donations toward the care of Township owned cemeteries. The donations are held in trust and only the interest is expended.

**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 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.

**ELK 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	\$46,825	\$47,109
Certificates of deposit	<u>5,693</u>	<u>5,693</u>
Total deposits	<u>\$52,518</u>	<u>\$52,802</u>

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$23,535	\$24,639	\$1,104
Special Revenue	122,318	125,484	3,166
Nonexpendable Trust	<u>1,000</u>	<u>1,012</u>	<u>12</u>
Total	<u>\$146,853</u>	<u>\$151,135</u>	<u>\$4,282</u>

1999 Budgeted vs. Actual Disbursements

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Actual</u> <u>Disbursements</u>	<u>Variance</u>
General	\$27,419	\$29,150	(\$1,731)
Special Revenue	132,962	120,797	12,165
Nonexpendable Trust	<u>2,357</u>	<u>1,472</u>	<u>885</u>
Total	<u>\$162,738</u>	<u>\$151,419</u>	<u>\$11,319</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$21,971	\$33,717	\$11,746
Special Revenue	104,662	118,522	13,860
Nonexpendable Trust	<u>1,120</u>	<u>1,032</u>	<u>(88)</u>
Total	<u>\$127,753</u>	<u>\$153,271</u>	<u>\$25,518</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Disbursements			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$33,260	\$34,982	(\$1,722)
Special Revenue	128,257	116,635	11,622
Nonexpendable Trust	1,445	0	1,445
Total	\$162,962	\$151,617	\$11,345

**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. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$8,059	5.75%

The General Obligation Note was issued to finance the purchase of a new dump truck in 1994. The original note was for \$24,360, with a quarterly payment due of \$1,413 through the year 2001.

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

Year ending December 31:	General Obligation Notes
2000	\$5,650
2001	2,825
Total	\$8,475

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

**6. RETIREMENT SYSTEM**

All of the Township's employees, as well as the Clerk and Trustees, 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. 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.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

The Township also provides health insurance to full-time employees through a private carrier.

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

Elk Township  
Vinton County  
302 North Market Street  
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statements of Elk Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 12, 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 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, 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 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 April 12, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

April 12, 2000

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Comments</b>
1997-40782-001	Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making a disbursement without being appropriated.	Partly Corrected	Although the Trustees still are making disbursements without the support of appropriations, the amounts were not significant.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ELK TOWNSHIP**

**VINTON 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 18, 2000**