



**FALLS 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

Falls Township  
Hocking County  
14370 State Route 93 South  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Falls 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 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 Falls Township, Hocking County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 a report dated April 21, 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 and the Board of Trustees, and other officials authorized to receive this report under Ohio Revised Code § 117.26, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 21, 2000



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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$40,305	\$162,763		\$203,068
Intergovernmental	86,902	92,384		179,286
Licenses, Permits, and Fees		2,150		2,150
Interest	7,088	508	\$158	7,754
Other Revenue		2,223		2,223
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	134,295	260,028	158	394,481
<b>Cash Disbursements:</b>				
General Government	88,693	973		89,666
Public Safety		31,000		31,000
Public Works		241,499		241,499
Health	3,015	1,854		4,869
Capital Outlay	260	114,090	250	114,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	91,968	389,416	250	481,634
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	42,327	(129,388)	(92)	(87,153)
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		101,114		101,114
Transfers-In		12,902		12,902
Transfers-Out	(12,902)			(12,902)
Other Sources	173			173
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(12,729)	114,016	0	101,287
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,598	(15,372)	(92)	14,134
Fund Cash Balances, January 1	96,745	93,770	4,202	194,717
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$126,343</b>	<b>\$78,398</b>	<b>\$4,110</b>	<b>\$208,851</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$6,714	\$3,220	\$0	\$9,934

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

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$43,294	\$141,034		\$184,328
Intergovernmental	89,818	101,496		191,314
Licenses, Permits, and Fees		3,401		3,401
Interest	5,588	495	\$442	6,525
Other Revenue		7,026		7,026
	<u>138,700</u>	<u>253,452</u>	<u>442</u>	<u>392,594</u>
<b>Cash Disbursements:</b>				
General Government	83,721	1,100		84,821
Public Safety		31,000		31,000
Public Works		222,281		222,281
Health	2,950	3,290		6,240
Capital Outlay		4,999		4,999
Debt Service:				
Note Principal Payment		15,585		15,585
Interest and Fiscal Charges	2,923	428	260	3,611
	<u>89,594</u>	<u>278,683</u>	<u>260</u>	<u>368,537</u>
Total Receipts Over/(Under) Disbursements	<u>49,106</u>	<u>(25,231)</u>	<u>182</u>	<u>24,057</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	329	89,705		90,034
Transfers-Out	(40,000)	(50,034)		(90,034)
Other Sources	8,545			8,545
	<u>(31,126)</u>	<u>39,671</u>	<u>0</u>	<u>8,545</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,980	14,440	182	32,602
Fund Cash Balances, January 1	<u>78,765</u>	<u>79,330</u>	<u>4,020</u>	<u>162,115</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$96,745</u></b>	<b><u>\$93,770</u></b>	<b><u>\$4,202</u></b>	<b><u>\$194,717</u></b>
Reserve for Encumbrances, December 31	<u>\$6,046</u>	<u>\$1,913</u>	<u>\$0</u>	<u>\$7,959</u>

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



**FALLS TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999-1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Falls Township, Hocking County, is a body politic and corporate 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 maintenance, fire protection and cemetery maintenance.

The Township's management believes these financial statements represent 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 a payment is made 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 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 maintain Township roads and bridges.

**FALLS TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999-1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

*Fire District Fund* - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

*Miscellaneous Special Revenue Fund (FEMA)* - This fund receives money from the Federal Emergency Management Agency and Ohio Emergency Management Agency to provide flood relief to the Township.

**3. Fiduciary Fund**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable Trust Funds. The Township had the following Expendable Trust Fund:

*Thomas Trust Fund* - This Expendable Trust Fund receives interest toward the care of Township owned cemeteries.

**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 Township 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 commitments are made. Encumbrances outstanding at year end are carried over to the subsequent year and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**FALLS TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999-1998  
(Continued)**

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

**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. 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 cash basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 118,851	\$ 74,717
Certificates of deposit	90,000	120,000
Total deposits	\$ 208,851	\$ 194,717

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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	\$102,816	\$134,468	\$31,652
Special Revenue	248,684	374,044	125,360
Expendable Trust	77	158	81
Total	\$351,577	\$508,670	\$157,093

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,561	\$111,584	\$87,977
Special Revenue	342,455	392,636	(50,181)
Expendable Trust	4,279	250	4,029
Total	\$546,295	\$504,470	\$41,825

**FALLS TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999-1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,524	\$147,574	\$31,050
Special Revenue	329,741	343,157	13,416
Expendable Trust	113	442	329
Total	\$446,378	\$491,173	\$44,795

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,289	\$135,640	\$59,649
Special Revenue	427,933	330,630	97,303
Expendable Trust	4,133	260	3,873
Total	\$627,355	\$466,530	\$160,825

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

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
Backhoe General Obligation Note	\$33,575	5.75%
Truck General Obligation Note	67,539	5.75%
Total	\$101,114	

**FALLS TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999-1998  
(Continued)**

**5. DEBT (Continued)**

The General Obligation Notes were for a backhoe and truck the Township purchased in 1999. The original note for the backhoe was for \$33,575, with annual payments of \$6,774, including interest. The original note for the truck was for \$67,539, with annual payments of \$13,388, including interest.

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

<u>Year Ending December 31:</u>	<u>Backhoe Note</u>	<u>Truck Note</u>
2000	\$6,774	\$13,388
2001	6,774	13,388
2002	6,774	13,388
2003	6,774	13,388
2004	6,774	13,388
2005	<u>6,774</u>	<u>13,388</u>
Total	<u>\$40,644</u>	<u>\$80,328</u>

In addition to the debt described above, the Township retired a debt issue outstanding at December 31, 1997, relating to the purchase of a dump truck. This note was paid in full on April 15, 1998, including interest of \$427.

**6. RETIREMENT SYSTEM**

All of the Township's employees and elected officials belong to the Public Employees Retirement System of Ohio (PERS), which 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.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance coverage for the following risks:

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

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

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

Falls Township  
Hocking County  
14370 State Route 93 South  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the financial statements of Falls 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 April 21, 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 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 21, 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 21, 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

April 21, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FALLS 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  
MAY 25, 2000**