



**HOLMES TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HOLMES TOWNSHIP
CRAWFORD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Holmes Township
Crawford County
4882 State Rt. 19
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Holmes 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 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 Holmes 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 June 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 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

June 8, 2000

**HOLMES TOWNSHIP
CRAWFORD COUNTY**

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

			(Memorandum Only)
	General	Special Revenue	Totals
Cash Receipts:			
Local Taxes	\$8,491	\$75,777	\$84,268
Intergovernmental	62,518	70,786	133,304
Earnings on Investments	2,665	1,222	3,887
Other Revenue	755	12,754	13,509
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	74,429	160,539	234,968
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	29,547	19,687	49,234
Public Works	217	108,854	109,071
Health	3,720	0	3,720
Capital Outlay	212	22,762	22,974
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	33,696	151,303	184,999
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	40,733	9,236	49,969
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	31,211	163,658	194,869
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$71,944</u>	<u>\$172,894</u>	<u>\$244,838</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$725</u>	<u>\$3,875</u>	<u>\$4,600</u>

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

**HOLMES TOWNSHIP
CRAWFORD COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$7,858	\$69,725	\$77,583
Intergovernmental	38,341	68,363	106,704
Earnings on Investments	2,029	1,036	3,065
Other Revenue	1,790	3,904	5,694
Total Cash Receipts	50,018	143,028	193,046
Cash Disbursements:			
Current:			
General Government	30,135	12,877	43,012
Public Works	0	75,654	75,654
Health	3,683	0	3,683
Capital Outlay	17,326	22,877	40,203
Total Cash Disbursements	51,144	111,408	162,552
Total Cash Receipts Over/(Under) Cash Disbursements	(1,126)	31,620	30,494
Fund Cash Balances, January 1	32,337	132,038	164,375
Fund Cash Balances, December 31	\$31,211	\$163,658	\$194,869
Reserve for Encumbrances, December 31	\$1,721	\$600	\$2,321

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

**HOMES TOWNSHIP
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Holmes 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 and fire protection. The Township contracts with Stofcheck Ambulance Service Inc. 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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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.

Special Levy (Fire Protection) - This fund receives property tax money to pay for fire protection services.

HOLMES TOWNSHIP
CRAWFORD COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Special Levy (Fire Truck) - This fund receives property tax money to pay for fire vehicles and equipment.

D. 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.

E. 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

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

	<u>1999</u>	<u>1998</u>
Deposits	<u>\$244,838</u>	<u>\$194,869</u>

**HOLMES TOWNSHIP
CRAWFORD COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

Deposits: Deposits are either insured by the Federal Depository 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 December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,378	\$74,429	\$50,051
Special Revenue	141,852	160,539	18,687
Total	<u>\$166,230</u>	<u>\$234,968</u>	<u>\$68,738</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,246	\$34,421	\$21,825
Special Revenue	300,600	155,178	145,422
Total	<u>\$356,846</u>	<u>\$189,599</u>	<u>\$167,247</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,126	\$50,018	\$20,892
Special Revenue	119,298	143,028	23,730
Total	<u>\$148,424</u>	<u>\$193,046</u>	<u>\$44,622</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,287	\$52,865	\$8,422
Special Revenue	250,935	112,008	138,927
Total	<u>\$312,222</u>	<u>\$164,873</u>	<u>\$147,349</u>

**HOLMES TOWNSHIP
CRAWFORD COUNTY**

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

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.

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. 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 post-retirement 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, 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

7. LEASE AGREEMENT

In 1996, the Township entered into an Equipment Lease-Purchase Agreement for the acquisition of a fire truck. Under this agreement, annual payments of \$23,127 will be made through the year 2000.



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

Holmes Township
Crawford County
4882 State Rt. 19
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Holmes 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 June 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 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* and is described in the accompanying schedule of findings as item 1999-40517-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 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 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 June 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.

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

JIM PETRO
Auditor of State

June 8, 2000

HOLMES TOWNSHIP
CRAWFORD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998

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

FINDING NUMBER	1999-40517-001
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Prevailing Wage Requirements

Ohio Rev. Code Sections 4115.04 and 4115.05 require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project 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 wages.

The Township did not require the contractor to agree to pay prevailing wages for the 1999 and 1998 road projects. The contracts for these projects approximated \$104,850 and were paid out of the Special Revenue Fund type.

We recommend the Township require contractors to agree to pay prevailing wages for contracts involving labor.



STATE OF OHIO
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HOLMES 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
AUGUST 1, 2000