



**HOMER TOWNSHIP
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

HOMER TOWNSHIP
MORGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Homer Township
Morgan County
9577 South Wrightstown Road
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Homer Township, Morgan 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 Homer Township, Moran County, 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 October 25, 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

October 25, 2000

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**HOMER TOWNSHIP
MORGAN 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$41,748	\$17,143		\$58,891
Intergovernmental	15,021	73,611		88,632
Interest	1,672	921	\$518	3,111
	<u>58,441</u>	<u>91,675</u>	<u>518</u>	<u>150,634</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	45,465			45,465
Public Safety		9,192		9,192
Public Works		79,095		79,095
Health	6,847			6,847
Capital Outlay	42,558		15,771	58,329
	<u>94,870</u>	<u>88,287</u>	<u>15,771</u>	<u>198,928</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(36,429)</u>	<u>3,388</u>	<u>(15,253)</u>	<u>(48,294)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	40,000			40,000
Transfers-In	1,030	9,310		10,340
Transfers-Out	(200)	(10,140)		(10,340)
	<u>40,830</u>	<u>(830)</u>	<u>0</u>	<u>40,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,401	2,558	(15,253)	(8,294)
Fund Cash Balances, January 1	<u>15,041</u>	<u>24,057</u>	<u>15,253</u>	<u>54,351</u>
Fund Cash Balances, December 31	<u>\$19,442</u>	<u>\$26,615</u>	<u>\$0</u>	<u>\$46,057</u>

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

HOMER TOWNSHIP
MORGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON -EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$198</u>
Total Operating Cash Receipts	<u>198</u>
Operating Cash Disbursements:	
Miscellaneous	<u>20</u>
Total Operating Cash Disbursements	<u>20</u>
Operating Income/(Loss)	178
Fund Cash Balance, January 1	<u>3,309</u>
Fund Cash Balance, December 31	<u><u>\$3,487</u></u>

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

**HOMER TOWNSHIP
MORGAN 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$45,101	\$20,447		\$65,548
Intergovernmental	20,848	73,993		94,841
Interest	1,875	514	\$253	2,642
Other Revenue	1,486			1,486
	<u>69,310</u>	<u>94,954</u>	<u>253</u>	<u>164,517</u>
Cash Disbursements:				
Current:				
General Government	51,334			51,334
Public Safety		10,735		10,735
Public Works		68,246		68,246
Health	4,998			4,998
Capital Outlay	3,000	2,000		5,000
	<u>59,332</u>	<u>80,981</u>	<u>0</u>	<u>140,313</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,978</u>	<u>13,973</u>	<u>253</u>	<u>24,204</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			10,000	10,000
Transfers-Out	(10,000)			(10,000)
	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22)	13,973	10,253	24,204
Fund Cash Balances, January 1	<u>15,063</u>	<u>10,084</u>	<u>5,000</u>	<u>30,147</u>
Fund Cash Balances, December 31	<u>\$15,041</u>	<u>\$24,057</u>	<u>\$15,253</u>	<u>\$54,351</u>

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

HOMER TOWNSHIP
MORGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON -EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$70</u>
Total Operating Cash Receipts	<u>70</u>
Operating Cash Disbursements:	
Miscellaneous	<u>32</u>
Total Operating Cash Disbursements	<u>32</u>
Operating Income/(Loss)	38
Fund Cash Balance, January 1	<u>3,271</u>
Fund Cash Balance, December 31	<u><u>\$3,309</u></u>

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

**HOMER TOWNSHIP
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Homer Township, Morgan County (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. The Township contracts with the Malta/McConnelsville Volunteer Fire Department and the Chesterhill Volunteer Fire Department to provide fire and emergency medical 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:

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

**HOMER TOWNSHIP
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire Levy Fund - This fund receives property tax money for the purpose of providing fire protection for the residents of the Township.

FEMA Fund - This fund receives money from the Federal Emergency Management Agency for the purpose of providing service to Township residents for loss due to natural disaster.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has established a Capital Projects Fund to accumulate resources for future major capital purchases.

4. Fiduciary Fund

This fund is used to account for the resources restricted by legal binding trust agreements. If the trust agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. The Township had the following significant Non-Expendable Trust Fund:

Nolan Cemetery Bequest Fund - This fund receives interest money from investments of Trust Fund monies. This revenue is used for flowers on a designated lot and for the maintenance of the cemetery.

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.

**HOMER TOWNSHIP
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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	<u>\$49,544</u>	<u>\$57,660</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			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,199	\$99,471	\$9,272
Special Revenue	84,879	100,985	16,106
Capital Projects	0	518	518
Fiduciary	131	198	67
Total	<u>\$175,209</u>	<u>\$201,172</u>	<u>\$25,963</u>

**HOMER TOWNSHIP
MORGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,239	\$95,070	\$10,169
Special Revenue	114,255	98,427	15,828
Capital Projects	15,771	15,771	0
Fiduciary	40	20	20
Total	\$235,305	\$209,288	\$26,017

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,754	\$69,310	\$7,556
Special Revenue	85,737	94,954	9,217
Capital Projects	0	10,253	10,253
Fiduciary	127	70	(57)
Total	\$147,618	\$174,587	\$26,969

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,384	\$69,332	\$7,052
Special Revenue	95,821	80,981	14,840
Capital Projects	5,000	0	5,000
Fiduciary	395	32	363
Total	\$177,600	\$150,345	\$27,255

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 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.

**HOMER TOWNSHIP
MORGAN COUNTY**

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

4. PROPERTY TAX (Continued)

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 officials and 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 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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	<u>\$40,000</u>	5.528%

The general obligation note was issued to finance the purchase of a new dump truck for Township road maintenance. The note is secured by the dump truck.

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

Year ending December 31:	General Obligation Note
2000	8,564
2001	9,342
2002	9,342
2003	9,342
2004	9,342
2005	779
Total	\$46,711

**HOMER TOWNSHIP
MORGAN COUNTY**

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

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Employee Benefit Liability

The Township also provides health insurance to officials through a private carrier.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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OFFICE OF THE AUDITOR

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

Homer Township
Morgan County
9577 South Wrightstown Road
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Homer Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998 and have issued our report thereon dated October 25, 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 October 25, 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 October 25, 2000.

Homer Township
Morgan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

October 25, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HOMER TOWNSHIP

MORGAN 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
NOVEMBER 16, 2000**