



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MASSIE TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Massie Township
Warren County
P. O. Box 91
10 Harveysburg Road
Harveysburg, Ohio 45032

To the Board of Trustees:

We have audited the accompanying financial statements of Massie Township, Warren 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 audits.

We conducted our audits 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 audits provide 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 the Township 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 June 19, 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 the audit committee, management, the Board 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 19, 2000

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Nonexpendable</u> <u>Trust</u>	
Cash Receipts:				
Local Taxes	\$13,671	\$81,735	\$0	\$95,406
Intergovernmental	20,869	65,335	0	86,204
Charges for Services	0	5,196	0	5,196
Licenses, Permits, and Fees	2,156	0	0	2,156
Earnings on Investments	5,103	3,936	147	9,186
Total Cash Receipts	<u>41,799</u>	<u>156,202</u>	<u>147</u>	<u>198,148</u>
Cash Disbursements:				
Current:				
General Government	42,218	0	0	42,218
Public Safety	0	37,804	0	37,804
Public Works	0	77,424	0	77,424
Health	388	0	0	388
Miscellaneous	465	3,639	100	4,204
Capital Outlay	1,000	14,210	0	15,210
Total Disbursements	<u>44,071</u>	<u>133,077</u>	<u>100</u>	<u>177,248</u>
Total Receipts Over/(Under) Disbursements	<u>(2,272)</u>	<u>23,125</u>	<u>47</u>	<u>20,900</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(2,272)	23,125	47	20,900
Fund Cash Balances January 1	<u>55,112</u>	<u>219,812</u>	<u>2,436</u>	<u>277,360</u>
Fund Cash Balances, December 31	<u>\$52,840</u>	<u>\$242,937</u>	<u>\$2,483</u>	<u>\$298,260</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$140,000</u>	<u>\$0</u>	<u>\$140,000</u>

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

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Nonexpendable</u> <u>Trust</u>	
Cash Receipts:				
Local Taxes	\$13,181	\$79,127	\$0	\$92,308
Intergovernmental	20,633	59,541	0	80,174
Charges for Services	0	15,170	0	15,170
Licenses, Permits, and Fees	1,409	0	0	1,409
Earnings on Investments	3,175	3,339	0	6,514
Miscellaneous	1,952	460	147	2,559
Total Cash Receipts	40,350	157,637	147	198,134
Cash Disbursements:				
Current:				
General Government	32,713	0	0	32,713
Public Safety	0	32,808	0	32,808
Public Works	0	54,700	0	54,700
Health	806	0	0	806
Miscellaneous	465	3,639	0	4,104
Capital Outlay	450	6,535	0	6,985
Total Disbursements	34,434	97,682	0	132,116
Total Receipts Over/(Under) Disbursements	5,916	59,955	147	66,018
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	147	147
Transfers-Out	(147)	0	0	(147)
Total Other Financing Receipts/(Disbursements)	(147)	0	147	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,769	59,955	294	66,018
Fund Cash Balances January 1	49,343	159,857	2,142	211,342
Fund Cash Balances, December 31	\$55,112	\$219,812	\$2,436	\$277,360
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Massie Township, Warren 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, fire protection 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 Deposits

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 Fund

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 and motor vehicle tax money for constructing, maintaining and repairing Township streets.

Fire District Levy Fund - This fund receives real estate property tax monies for maintaining Township fire engines and ambulances.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund (Nonexpendable Trust 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. The Township has only one fiduciary fund:

Cemetery Bequest Fund - This fund is used by the Township for the Cemetery Bequest Certificate of Deposit.

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 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.

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.

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 284,653	\$ 264,005
Certificates of deposit	<u>13,607</u>	<u>13,355</u>
Total deposits	<u>\$ 298,260</u>	<u>\$ 277,360</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,368	\$ 41,799	\$ 431
Special Revenue	269,230	156,202	(113,028)
Fiduciary	<u>145</u>	<u>147</u>	<u>2</u>
Total	<u>\$ 310,743</u>	<u>\$ 198,148</u>	<u>\$ (112,595)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,605	\$ 44,071	\$ 25,534
Special Revenue	367,137	273,077	94,060
Fiduciary	<u>100</u>	<u>100</u>	<u>0</u>
Total	<u>\$ 436,842</u>	<u>\$ 317,248</u>	<u>\$ 119,594</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,215	\$ 40,350	\$ 1,135
Special Revenue	235,150	157,637	(77,513)
Fiduciary	100	294	194
Total	\$ 274,465	\$ 198,281	\$ (76,184)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 57,652	\$ 34,581	\$ 23,071
Special Revenue	185,202	97,682	87,520
Fiduciary	100	0	100
Total	\$ 242,954	\$ 132,263	\$ 110,691

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.

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 plans. These plans provide 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. 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.

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

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

7. PRIOR YEAR RESTATEMENT

Two outstanding checks from 1997 were voided and reissued in 1998. These items resulted in the following restatements of beginning fund balances :

<u>Fund</u>	<u>Amount at December 31, 1997</u>	<u>Restated Amount-January 1, 1998</u>
General	49,338	49,343
Special Revenue	159,546	159,857

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

Massie Township
Warren County
P. O. Box 91
10 Harveysburg Road
Harveysburg, Ohio 45032

To the Board of Trustees:

We have audited the accompanying financial statements of Massie Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 19, 2000. We conducted our audits 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-40483-001.

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 19, 2000.

This report is intended for the information and use of the audit committee, management, and 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 stylized with a large loop at the end of the last name.

Jim Petro
Auditor of State

June 19, 2000

**MASSIE TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40483-001

Ambulance Billing Processing - (Internal Control, Reportable Condition)

Massie Township has delegated ambulance billing processing and collecting, which is a significant accounting function, to a billing agency. The Township has not established procedures to reasonably determine that ambulance billings have been completely and accurately processed in accordance with the ambulance billing contract.

We recommend that Massie Township implement procedures to reasonably assure the completeness, and accuracy (including eligibility and allowability) of ambulance billing and collecting processed by their billing agency. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of bill processing controls which should satisfy this requirement. As described in that Statement, we suggest that the Township obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the billing agency. Such a report, if unqualified, would provide evidence to the Township's management that ambulance billing and collecting were being processed in conformance with the contract.



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MASSIE TOWNSHIP

WARREN 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 6, 2000**