



**TEXAS TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Texas Township
Crawford County
6503 Marion Melmore Road
Sycamore, Ohio 44882

To the Board of Trustees:

We have audited the accompanying financial statements of Texas 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 of Texas 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 14, 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 14, 2000

**TEXAS 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$4,133	\$1,722	\$5,855
Intergovernmental	17,682	56,327	74,009
Special Assessments	0	1,140	1,140
Earnings on Investments	313	992	1,305
Other Revenue	88	1,185	1,273
	<u>22,216</u>	<u>61,366</u>	<u>83,582</u>
Cash Disbursements:			
General Government	9,537	0	9,537
Public Safety	3,430	0	3,430
Public Works	266	60,594	60,860
Health	2,348	918	3,266
Capital Outlay	468	0	468
	<u>16,049</u>	<u>61,512</u>	<u>77,561</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,167</u>	<u>(146)</u>	<u>6,021</u>
Other Financing Receipts:			
Other Financing Sources	<u>15</u>	<u>0</u>	<u>15</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	6,182	(146)	6,036
Fund Cash Balances, January 1, 1999	<u>8,438</u>	<u>43,135</u>	<u>51,573</u>
Fund Cash Balances, December 31, 1999	<u>\$14,620</u>	<u>\$42,989</u>	<u>\$57,609</u>

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

TEXAS TOWNSHIP
CRAWFORD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust Fund</u>
Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements	<u>0</u>
Net Income	0
Fund Cash Balance, January 1, 1999	<u>2,072</u>
Fund Cash Balance, December 31, 1999	<u><u>\$2,072</u></u>

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

**TEXAS 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$4,084	\$1,702	\$5,786
Intergovernmental	21,817	57,222	79,039
Special Assessments	0	1,052	1,052
Earnings on Investments	201	856	1,057
Other Revenue	0	560	560
	<u>26,102</u>	<u>61,392</u>	<u>87,494</u>
Total Cash Receipts			
Cash Disbursements:			
General Government	15,412	0	15,412
Public Safety	3,547	0	3,547
Public Works	293	49,616	49,909
Health	2,903	1,256	4,159
Capital Outlay	2,241	0	2,241
	<u>24,396</u>	<u>50,872</u>	<u>75,268</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>1,706</u>	<u>10,520</u>	<u>12,226</u>
Other Financing Receipts:			
Other Financing Sources	<u>1,399</u>	<u>0</u>	<u>1,399</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	3,105	10,520	13,625
Fund Cash Balances, January 1, 1998	<u>5,333</u>	<u>32,615</u>	<u>37,948</u>
Fund Cash Balances, December 31, 1998	<u><u>\$8,438</u></u>	<u><u>\$43,135</u></u>	<u><u>\$51,573</u></u>

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

TEXAS TOWNSHIP
CRAWFORD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Nonexpendable Trust Fund</u>
Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements	<u>0</u>
Net Income	0
Fund Cash Balance, January 1, 1998	<u>2,072</u>
Fund Cash Balance, December 31, 1998	<u><u>\$2,072</u></u>

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

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Texas 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 cemetery maintenance. The Township contracts with the Village of Sycamore 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

The Township maintains an interest-bearing checking account.

D. 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.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. Nonexpendable Trust Fund

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following Nonexpendable Trust Fund:

Cemetery Bequest - This fund accumulates revenue for cemetery beautification.

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. The Township did not encumber or certify all commitments as required by law.

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.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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

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>\$59,681</u>	<u>\$53,645</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,479	\$22,231	\$2,752
Special Revenue	72,639	61,366	(11,273)
Nonexpendable Trust	0	0	0
Total	<u>\$92,118</u>	<u>\$83,597</u>	<u>(\$8,521)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,917	\$16,049	\$11,868
Special Revenue	115,774	61,512	54,262
Nonexpendable Trust	2,072	0	2,072
Total	<u>\$145,763</u>	<u>\$77,561</u>	<u>\$68,202</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,920	\$27,501	(\$4,419)
Special Revenue	72,617	61,392	(11,225)
Nonexpendable Trust	0	0	0
Total	<u>\$104,537</u>	<u>\$88,893</u>	<u>(\$15,644)</u>

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,252	\$24,396	\$12,856
Special Revenue	105,233	50,872	54,361
Nonexpendable Trust	2,072	0	2,072
Total	\$144,557	\$75,268	\$69,289

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.

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 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.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

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

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Real and Personal Property
- Vehicles
- Miscellaneous Property
- Electronic Data Processing Equipment
- Boiler and Machinery
- Earthquake
- Flood

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

Texas Township
Crawford County
6503 Marion Melmore Road
Sycamore, Ohio 44882

To the Board of Trustees:

We have audited the accompanying financial statements of Texas 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 14, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as items 1999-40517-001 and 1999-40517-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 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 14, 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", written in a cursive style.

JIM PETRO
Auditor of State

June 14, 2000

**TEXAS TOWNSHIP
CRAWFORD COUNTY**

**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	1999-40517-001
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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 wage.

The Township did not require the contractor to pay prevailing wages for the 1999 or 1998 Township road projects which totaled \$19,193 and \$33,232, respectively.

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

FINDING NUMBER	1999-40517-002
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Certification by Fiscal Officer

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification of funds by the Clerk was not obtained for ninety-two percent of the expenditures tested in 1999 and 1998.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket or super blanket purchase order. One blanket certificate can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. These blanket certificates should be canceled at the end of each fiscal year. A super blanket purchase order can be issued for any amount.

Also, as an alternative, the Township can issue then and now certificates for expenditures up to \$1,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Board. However, then and now certificates issued by the Clerk over \$1,000 must be authorized by the Board within thirty days after payment.



STATE OF OHIO
OFFICE OF THE AUDITOR

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TEXAS 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**