



**ADDISON TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADDISON TOWNSHIP
GALLIA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Addison Township
Gallia County
1414 Georges Creek Road
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Addison Township, Gallia County, Ohio (the Township), as of and for the year ended December 31, 1999. 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 Addison Township, Gallia County, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

Jim Petro
Auditor of State

January 9, 2001

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**ADDISON TOWNSHIP
GALLIA 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$ 57,842	\$ 55,491	\$	\$	\$ 113,333
Intergovernmental	32,810	65,981		17,171	115,962
Franchise Fees	6,762				6,762
Interest	1,870	530			2,400
Other Revenue	3,200				3,200
Total Cash Receipts	<u>102,484</u>	<u>122,002</u>		<u>17,171</u>	<u>241,657</u>
Cash Disbursements:					
Current:					
General Government	51,195				51,195
Public Safety		16,086			16,086
Public Works	6,157	50,304			56,461
Health	50				50
Miscellaneous		7,983			7,983
Capital Outlay	665	46,409		17,171	64,245
Debt Service:					
Redemption of Principal			15,715		15,715
Interest and Fiscal Charges			2,508		2,508
Total Cash Disbursements	<u>58,067</u>	<u>120,782</u>	<u>18,223</u>	<u>17,171</u>	<u>214,243</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>44,417</u>	<u>1,220</u>	<u>(18,223)</u>	<u>0</u>	<u>27,414</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		20,000	18,223		38,223
Transfers-Out	(38,223)				(38,223)
Sale of Assets		9,329			9,329
Other Sources	2,247	5,283			7,530
Total Other Financing Receipts/(Disbursements)	<u>(35,976)</u>	<u>34,612</u>	<u>18,223</u>	<u>0</u>	<u>16,859</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,441	35,832			44,273
Fund Cash Balances, January 1	<u>25,699</u>	<u>75,094</u>			<u>100,793</u>
Fund Cash Balances, December 31	<u>\$34,140</u>	<u>\$110,926</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$145,066</u>
Reserves for Encumbrances, December 31	<u>\$1,265</u>	<u>\$20,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$21,289</u>

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

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$82
Total Operating Cash Receipts	82
Total Operating Cash Disbursements	0
Operating Income/(Loss)	82
Fund Cash Balances, January 1	5,154
Fund Cash Balances, December 31	\$5,236

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

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Addison Township, Gallia 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 and a publicly-elected Township Clerk. The Township provides general governmental services, including road and bridge maintenance and fire protection.

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.

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 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 license tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline tax money 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.

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

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Fund:

General Note Retirement Fund - This fund is used to track resources restricted for the payment of debt related expenses of the Township issued for the purchase of equipment.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Projects Fund:

CDBG Jericho Road Project - This fund showed the activity of federal funding that was received and expended by the County on the Township's behalf.

5. Fiduciary Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Fund - This Nonexpendable Trust Fund received interest payments for the upkeep of the Township cemeteries.

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 function 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 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.

F. Unpaid Vacation

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the basis of accounting used by the Township.

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>
Demand Deposits	<u>\$150,302</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 1999, \$6,317 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 89,740	\$ 104,731	\$ 14,991
Special Revenue	146,235	156,614	10,379
Debt Service	18,223	18,223	0
Capital Projects	17,100	17,171	71
Nonexpendable Trust	80	82	2
Total	\$ 271,378	\$ 296,821	\$ 25,443

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 112,711	\$ 97,555	\$ 15,156
Special Revenue	172,261	140,806	31,455
Debt Service	18,223	18,223	0
Capital Projects	17,171	17,171	0
Nonexpendable Trust	0	0	0
Total	\$ 320,366	\$ 273,755	\$ 46,611

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 in 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.

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Governmental Lease Purchase Agreement	<u>\$26,988</u>	6.75%

The Governmental Lease Purchase Agreement was for a tractor that was purchased in 1998. The Lease Purchase Agreement was for \$32,703, with annual payments of \$7,923. A previously outstanding General Obligation Note was for a backhoe was retired in 1999 with a principal and interest payment totaling \$10,147.

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

<u>Year ending December 31</u>	<u>Lease Purchase Agreement</u>
2000	\$7,923
2001	7,923
2002	7,923
2003	<u>7,923</u>
Total	<u>\$31,692</u>

6. RETIREMENT SYSTEM

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

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

**ADDISON TOWNSHIP
GALLIA COUNTY**

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

8. CONTRACTUAL OBLIGATION

As of December 31, 1999, the Township had the following contractual purchase commitment:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
The Shelly Company	Road Paving	\$24,648



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

Addison Township
Gallia County
1414 Georges Creek Road
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statement of Addison Township, Gallia County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated January 9, 2001. 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 statement is 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 the management of the Township in a separate letter dated January 9, 2001.

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 statement 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 9, 2001.

Addison Township
Gallia 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 the 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

January 9, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ADDISON TOWNSHIP

GALLIA 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
JANUARY 30, 2001**