



**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Fairfield Township
Washington County
Route 1, Box 115A
Cutler, Ohio 45724

To the Board of Trustees:

We have audited the accompanying financial statement of Fairfield Township, Washington County, Ohio (the Township), as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of Fairfield Township, Washington 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 3, 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 audit committee, 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 3, 2001

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**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

**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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 11,349	\$ 56,949	\$ 3,915	\$	\$ 72,213
Intergovernmental	34,556	64,765			99,321
Charges for Services		200			200
Licenses, Permits, and Fees		1,000			1,000
Earnings on Investments	1,094	458		102	1,654
Other Revenue	3,283	75			3,358
	<u>50,282</u>	<u>123,447</u>	<u>3,915</u>	<u>102</u>	<u>177,746</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	44,524	3,750			48,274
Public Safety	1,350				1,350
Public Works	2,744	101,572			104,316
Health	955	2,000			2,955
Debt Service:					
Redemption of Principal		4,429	3,176		7,605
Interest and Fiscal Charges		1,190	739		1,929
Capital Outlay	6,538	80,422		816	87,776
	<u>56,111</u>	<u>193,363</u>	<u>3,915</u>	<u>816</u>	<u>254,205</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,829)</u>	<u>(69,916)</u>	<u>0</u>	<u>(714)</u>	<u>(76,459)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Other Proceeds from Sale of Public Debt		55,900			55,900
Sale of Fixed Assets	3,321				3,321
Transfers-In		1,000			1,000
Transfers-Out	(1,000)				(1,000)
	<u>2,321</u>	<u>56,900</u>	<u>0</u>	<u>0</u>	<u>59,221</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,508)	(13,016)	0	(714)	(17,238)
Fund Cash Balances, January 1	<u>24,484</u>	<u>36,419</u>	<u>0</u>	<u>3,647</u>	<u>64,550</u>
Fund Cash Balances, December 31	<u>\$ 20,976</u>	<u>\$ 23,403</u>	<u>\$ 0</u>	<u>\$ 2,933</u>	<u>\$ 47,312</u>

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

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**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fairfield Township, Washington 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, cemetery maintenance, and fire protection.

The Township's management believes the financial statement presents all activities for which the Township is financially accountable.

B. Basis of Accounting

The financial statement follows 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.

The statement includes 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:

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

Permissive Sales Tax Fund - This fund receives funds from Washington County through the one-half percent sales tax to construct, repair, and maintain Township roads and bridges.

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

Note Retirement Fund - This fund receives property tax money to retire the principal and interest from a capital lease of equipment for the Township.

4. Fiduciary Funds

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. During 1999, the Township had three cemetery bequest funds classified as Nonexpendable Trust Funds. These funds received interest earned on the principal invested in certificates 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 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. 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.

A summary of 1999 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 statement.

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>
Demand Deposits	\$ 44,481
Certificates of Deposit	<u>2,831</u>
Total	<u>\$ 47,312</u>

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

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	\$ 48,783	\$ 53,603	\$ 4,820
Special Revenue	172,936	180,347	7,411
Debt Service	3,915	3,915	0
Nonexpendable Trust	<u>138</u>	<u>102</u>	<u>(36)</u>
Total	<u>\$ 225,772</u>	<u>\$ 237,967</u>	<u>\$ 12,195</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 65,771	\$ 57,111	\$ 8,660
Special Revenue	253,810	193,363	60,447
Debt Service	3,915	3,915	0
Nonexpendable Trust	<u>950</u>	<u>816</u>	<u>134</u>
Total	<u>\$ 324,446</u>	<u>\$ 255,205</u>	<u>\$ 69,241</u>

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 statement 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.

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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

4. PROPERTY TAX (Continued)

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.

5. 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.

6. LEASE-PURCHASE AGREEMENT

The Township had the following lease-purchase agreement outstanding at December 31, 1999:

	Principal	Interest Rate
Lease Purchase - Komatsu Financial	\$ 48,384	5%
Total	\$ 48,384	

The lease-purchase agreement was approved to finance the purchase of a new grader, to be used for Township road maintenance. The lease-purchase agreement is secured by the equipment purchased and is backed by the full faith and credit of the Township. Amortization of the lease-purchase agreement, including interest, is scheduled as follows:

Year ending December 31:	Lease Purchase Agreement
2000	\$ 12,712
2001	12,712
2002	12,712
2003	12,712
2004	3,178
Total	\$ 54,026

**FAIRFIELD TOWNSHIP
WASHINGTON COUNTY**

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

7. RISK MANAGEMENT

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

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

The Township also provides health insurance coverage to full-time employees and elected officials through a private carrier.

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743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephon 740-594-3300
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Facsimile 740-594-2110
www.auditor.state.oh.us

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

Fairfield Township
Washington County
Route 1, Box 115A
Cutler, Ohio 45724

To the Board of Trustees:

We have audited the accompanying financial statement of Fairfield Township, Washington County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated January 3, 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 certain immaterial instances of noncompliance that we have reported to the management of Fairfield Township in a separate letter dated January 3, 2001.

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 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 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 January 3, 2001.

Fairfield Township
Washington County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, 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 3, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

FAIRFIELD TOWNSHIP

WASHINGTON 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**