



**GOSHEN TOWNSHIP
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GOSHEN TOWNSHIP
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 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 of Goshen Township, Belmont County, as of December 31, 2000 and 1999, 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 March 23, 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. This 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 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

March 23, 2001

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**GOSHEN TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$10,286	\$44,632	\$	\$54,918
Intergovernmental	104,665	78,121		182,786
Interest	940	146		1,086
Other Revenue	14			14
	<u>115,905</u>	<u>122,899</u>	<u>0</u>	<u>238,804</u>
Total Cash Receipts				
	<u>115,905</u>	<u>122,899</u>	<u>0</u>	<u>238,804</u>
Cash Disbursements:				
Current:				
General Government	51,432			51,432
Public Safety		17,329		17,329
Public Works	41,251	93,200		134,451
Health	4,785			4,785
Capital Outlay	63,743			63,743
	<u>161,211</u>	<u>110,529</u>	<u>0</u>	<u>271,740</u>
Total Cash Disbursements				
	<u>161,211</u>	<u>110,529</u>	<u>0</u>	<u>271,740</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(45,306)</u>	<u>12,370</u>	<u>0</u>	<u>(32,936)</u>
Other Financing Receipts:				
Proceeds of Notes	24,000			24,000
	<u>24,000</u>	<u>0</u>	<u>0</u>	<u>24,000</u>
Total Other Financing Receipts				
	<u>24,000</u>	<u>0</u>	<u>0</u>	<u>24,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(21,306)	12,370	0	(8,936)
Fund Cash Balances, January 1	60,627	26,325	3,157	90,109
Fund Cash Balances, December 31	<u>\$39,321</u>	<u>\$38,695</u>	<u>\$3,157</u>	<u>\$81,173</u>

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

**GOSHEN TOWNSHIP
BELMONT 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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$10,184	\$44,304	\$	\$	\$54,488
Intergovernmental	70,151	78,098		25,159	173,408
Interest	1,341	140			1,481
Other Revenue	981				981
Total Cash Receipts	<u>82,657</u>	<u>122,542</u>	<u>0</u>	<u>25,159</u>	<u>230,358</u>
Cash Disbursements:					
Current:					
General Government	72,445				72,445
Public Safety		14,989			14,989
Public Works	26,290	105,432			131,722
Health	4,853				4,853
Capital Outlay	15,616			25,159	40,775
Total Cash Disbursements	<u>119,204</u>	<u>120,421</u>	<u>0</u>	<u>25,159</u>	<u>264,784</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(36,547)</u>	<u>2,121</u>	<u>0</u>	<u>0</u>	<u>(34,426)</u>
Fund Cash Balances, January 1	<u>97,174</u>	<u>24,204</u>	<u>3,157</u>		<u>124,535</u>
Fund Cash Balances, December 31	<u>\$60,627</u>	<u>\$26,325</u>	<u>\$3,157</u>	<u>\$0</u>	<u>\$90,109</u>

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

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen Township, Belmont 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 fire protection. The Township contracts with the Village of Belmont and the Village of Bethesda to provide fire 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.

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 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:

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 for constructing, maintaining and repairing Township roads.

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

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township's General Note Retirement Fund had no activity for the years ended December 31, 2000 and 1999.

4. Capital Project Funds

These funds are 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 had the following significant Capital Project Fund:

Issue II Fund - This fund receives grant money and local matching funds to be used for various projects as approved by the Ohio Public Works Commission.

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 fund and 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 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.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

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>2000</u>	<u>1999</u>
Demand deposits	<u>\$81,173</u>	<u>\$90,109</u>

Deposits: Deposits are either (1) insured by the Federal Deposit 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, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$134,402	\$139,905	\$5,503
Special Revenue	<u>115,597</u>	<u>122,899</u>	<u>7,302</u>
Total	<u>\$249,999</u>	<u>\$262,804</u>	<u>\$12,805</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$125,917	\$161,211	(\$35,294)
Special Revenue	<u>139,402</u>	<u>110,529</u>	<u>28,873</u>
Total	<u>\$265,319</u>	<u>\$271,740</u>	<u>(\$6,421)</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$64,897	\$82,657	\$17,760
Special Revenue	112,134	122,542	10,408
Capital Projects	<u> </u>	<u>25,159</u>	<u>25,159</u>
Total	<u>\$177,031</u>	<u>\$230,358</u>	<u>\$53,327</u>

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,400	\$119,204	\$42,196
Special Revenue	131,600	120,421	11,179
Capital Projects		25,159	(25,159)
Total	\$293,000	\$264,784	\$28,216

At December 31, 2000, the Township had expenditures which exceeded appropriations in the General Fund.

In 1999 the Township received/expended Issue II monies and did not establish an Issue II, Capital Projects Fund to account for these receipts and expenditures nor did they obtain an amended certificate and a supplemental appropriation.

In 2000 and 1999, the Township had expenditures that did not include prior certification of the Clerk, nor was there evidence of a "Then and Now" certificate being used by the Clerk.

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.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000, was as follows:

	Principal	Interest Rate
General Obligation Note	\$24,000	7%
Total	\$24,000	

The general obligation note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is collateralized by the new dump truck that was purchased.

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

Year ending December 31:	General Obligation Notes
2001	\$13,076
2002	13,076
Total	\$26,152

6. RETIREMENT SYSTEMS

The Township's full-time and part-time employees, as well as the Trustees and Clerk, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Goshen Township
Belmont County
115 Liberty Lane
Bethesda, Ohio 43719

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 23, 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 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 three instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41007-001, 2000-41007-002 and 2000-41007-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 23, 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 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 March 23, 2001.

Goshen Township
Belmont 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.

Jim Petro
Auditor of State

March 23, 2001

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-41007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.09 states that each subdivision is to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Also, Auditor of State Management Advisory Services Bulletin 89-17 requires all local governments participating in Issue II projects through the Ohio Public Works Commission to establish an Issue II, Capital Projects Fund, to account for Issue II monies anticipated to be received. The fund appropriations should also include the amount necessary to meet the obligations to be incurred during the fiscal year.

The Township received/expended Issue II monies in the amount of \$25,159 and did not establish an Issue II, Capital Projects Fund, to account for these receipts and expenditures nor did they obtain an amended certificate and a supplemental appropriation, pursuant to Ohio Rev. Code Sections 5705.36 and 5705.40. This caused the Township's 1999 Capital Projects Fund receipts and expenditures to be understated by the amount of the Issue II funds. The audited statements were adjusted to reflect Issue II receipts and expenditures.

We recommend the Township establish an Issue II, Capital Projects Fund, to account for Issue II monies and to obtain an amended certificate and supplemental appropriations for the same. The Clerk should refer to Auditor of State Management Advisory Services Bulletin 89-17 and Auditor of State Bulletin 2000-08 for additional guidance in accounting for on-behalf grants with the County or State.

FINDING NUMBER 2000-41007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

**GOSHEN TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2000-41007-002
(Continued)**

Ohio Rev. Code Section 5705.41(D)(1) (Continued)

- B. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

In 1999, forty percent, and in 2000, forty-five percent of transactions tested did not include prior certification of the Clerk, nor was there evidence of a "Then and Now" certificate being used by the Clerk.

We recommend the Clerk certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice at the time the purchase order is approved.

FINDING NUMBER 2000-41007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

At December 31, 2000, the Township's General Fund had expenditures which exceeded appropriations by \$35,294.

We recommend the Clerk modify appropriations with the Board of Trustees and County Budget Commission whenever expenditures exceed appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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GOSHEN TOWNSHIP

BELMONT 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
APRIL 26, 2001**