



**PAINT TOWNSHIP  
HOLMES COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PAINT TOWNSHIP  
HOLMES COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Paint Township  
Holmes County  
7091 State Route 515  
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of Paint Township, Holmes 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 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 audits 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, 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 May 17, 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 for our audits.

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

May 17, 2001

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**PAINT TOWNSHIP  
HOLMES 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$69,147	\$202,815	\$271,962
Charges for Services	42,392		42,392
Intergovernmental	36,394	83,831	120,225
Interest	3,796	1,146	4,942
Other Revenue	1,235	738	1,973
	<u>152,964</u>	<u>288,530</u>	<u>441,494</u>
<b>Total Cash Receipts</b>			
	<u>152,964</u>	<u>288,530</u>	<u>441,494</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	56,856		56,856
Public Safety	50	72,239	72,289
Public Works	49,857	201,378	251,235
Health	17,177		17,177
Conservation - Recreation	2,296		2,296
Debt Service:			
Redemption of Principal		4,896	4,896
Interest and Fiscal Charges		3,100	3,100
Capital Outlay	26,893	10,998	37,891
	<u>153,129</u>	<u>292,611</u>	<u>445,740</u>
<b>Total Cash Disbursements</b>			
	<u>153,129</u>	<u>292,611</u>	<u>445,740</u>
<b>Total Cash Receipts Under Disbursements</b>	<u>(165)</u>	<u>(4,081)</u>	<u>(4,246)</u>
Fund Cash Balances, January 1	84,211	142,210	226,421
	<u>84,211</u>	<u>142,210</u>	<u>226,421</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$84,046</u></b>	<b><u>\$138,129</u></b>	<b><u>\$222,175</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**PAINT TOWNSHIP  
HOLMES 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$70,073	\$199,459	\$269,532
Charges for Services	34,244		34,244
Intergovernmental	62,899	83,496	146,395
Interest	2,756	776	3,532
Other Revenue	1,238	6,772	8,010
	<u>171,210</u>	<u>290,503</u>	<u>461,713</u>
<b>Total Cash Receipts</b>			
	<u>171,210</u>	<u>290,503</u>	<u>461,713</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	53,837		53,837
Public Safety	50	68,598	68,648
Public Works	46,534	163,279	209,813
Health	16,260		16,260
Conservation - Recreation	1,993		1,993
Debt Service:			
Redemption of Principal		5,000	5,000
Interest and Fiscal Charges		3,408	3,408
Capital Outlay	7,000	29,839	36,839
	<u>125,674</u>	<u>270,124</u>	<u>395,798</u>
<b>Total Cash Disbursements</b>			
	<u>125,674</u>	<u>270,124</u>	<u>395,798</u>
<b>Total Cash Receipts Over Disbursements</b>	<u>45,536</u>	<u>20,379</u>	<u>65,915</u>
<b>Fund Cash Balances, January 1</b>	<u>38,675</u>	<u>121,831</u>	<u>160,506</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$84,211</b></u>	<u><b>\$142,210</b></u>	<u><b>\$226,421</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

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

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Paint Township, Holmes 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 ditch maintenance, fire protection, ambulance and emergency medical services. The Township contracts with Paint Township Volunteer Fire Department (PTVFD) to provide fire, ambulance 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 all of its cash in 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:

Fire District Fund - This fund receives property tax receipts from a fire levy for the operation of the Township's Volunteer Fire Department.

Road District Fund - This fund receives property tax receipts for constructing, maintaining and repairing Township roads.

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 level of control, which is the Township's legal 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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 basis of accounting used by the Township.

**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>2000</u>	<u>1999</u>
Demand deposits	\$222,175	\$226,421

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,892	\$152,964	\$63,072
Special Revenue	260,290	288,530	28,240
Total	\$350,182	\$441,494	\$91,312

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$170,864	\$153,129	\$17,735
Special Revenue	314,050	292,611	21,439
Total	\$484,914	\$445,740	\$39,174

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,153	\$171,210	\$95,057
Special Revenue	237,795	290,503	52,708
Total	\$313,948	\$461,713	\$147,765

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,966	\$125,674	\$6,292
Special Revenue	310,845	270,124	40,721
Total	\$442,811	\$395,798	\$47,013

**4. NONCOMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (D), certain expenditures during 2000 and 1999 were not certified until the time of payment.

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

**5. 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.

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.

**6. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
1998 Komatsu Loader Note	\$48,887	6.00%

The 1998 note is from Commercial and Savings Bank of Millersburg for the purchase of a Komatsu Loader. This loan will be repaid in monthly installments, including interest, over 10 years.

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

Year ending December 31:	Komatsu Loader Note
2001	\$7,996
2002	7,996
2003	7,996
2004	7,996
2005	7,996
2006-2008	21,075
Total	\$61,055

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

**7. RETIREMENT SYSTEMS**

The Township's full-time 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. PERS members contributed 8.5% of their gross salaries. During 2000, the Township contributed an amount equal to 10.84% of participants' gross salaries. During 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance through Teachers Protective Mutual Insurance Company for the Township's full-time employees..

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

Paint Township  
Holmes County  
7091 State Route 515  
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of Paint Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 17, 2001. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Finding as item 2000-40938-001.

In addition, we noted instances of noncompliance that we have reported to management of the Township in a separate letter dated May 17, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 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 May 17, 2001.

Paint Township  
Holmes 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

May 17, 2001

**PAINT TOWNSHIP  
HOLMES COUNTY**

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

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

**FINDING NUMBER 2000-40938-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Township Clerk may authorize payment through a Then and Now Certificate paid without the affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During 2000 and 1999, 15% (9 out of 60) of expenditures tested were certified after the obligation date. Also, neither of the two exceptions were utilized. We recommend the Township Clerk inform all Township employees of the requirements of Ohio Revised Code Section 5705.41(D). The Township should certify the availability of funds prior to incurring any obligation, in order to avoid overspending. The Township should also implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Revised Code Section 5705.41 (D). However, such certifications should only be used for reoccurring and reasonably predictable matters or emergency matters which may arise from time to time.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PAINT TOWNSHIP**

**HOLMES 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  
JUNE 7, 2001**