



**SWITZERLAND TOWNSHIP
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SWITZERLAND TOWNSHIP
MONROE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Switzerland Township
Monroe County
50830 German Ridge Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited the accompanying financial statements of Switzerland Township, Monroe 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 the Switzerland Township, Monroe 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 28, 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 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 28, 2001

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**SWITZERLAND TOWNSHIP
MONROE 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	\$16,207	\$14,731	\$	\$30,938
Intergovernmental	19,844	55,384	8,400	83,628
Earnings on Investments	280	368		648
Other Revenue	157	21		178
	<u>36,488</u>	<u>70,504</u>	<u>8,400</u>	<u>115,392</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	14,022			14,022
Public Safety	1,380			1,380
Public Works		83,593		83,593
Health	6,293			6,293
Debt Service:				
Redemption of Principal			6,586	6,586
Interest and Fiscal Charges			1,826	1,826
Capital Outlay	218			218
	<u>21,913</u>	<u>83,593</u>	<u>8,412</u>	<u>113,918</u>
Total Cash Disbursements				
	<u>21,913</u>	<u>83,593</u>	<u>8,412</u>	<u>113,918</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>14,575</u>	<u>(13,089)</u>	<u>(12)</u>	<u>1,474</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		14,323		14,323
Transfers-Out	(14,323)			(14,323)
	<u>(14,323)</u>	<u>14,323</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(14,323)</u>	<u>14,323</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	252	1,234	(12)	1,474
Fund Cash Balances, January 1	2,025	12,160	4,330	18,515
Fund Cash Balances, December 31	<u>\$2,277</u>	<u>\$13,394</u>	<u>\$4,318</u>	<u>\$19,989</u>

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

**SWITZERLAND TOWNSHIP
MONROE 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$15,620	\$14,200	\$	\$29,820
Intergovernmental	5,716	55,478	8,400	69,594
Earnings on Investments	201	300		501
Other Revenue	148	2,751		2,899
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,685	72,729	8,400	102,814
Cash Disbursements:				
Current:				
General Government	16,045			16,045
Public Safety	1,380			1,380
Public Works		69,993		69,993
Health	6,487			6,487
Debt Service:				
Redemption of Principal			6,600	6,600
Interest and Fiscal Charges			194	194
Capital Outlay		36,415		36,415
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,912	106,408	6,794	137,114
Total Cash Receipts Over/(Under) Cash Disbursements	(2,227)	(33,679)	1,606	(34,300)
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Proceeds of Notes		36,415		36,415
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	0	36,415	0	36,415
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,227)	2,736	1,606	2,115
Fund Cash Balances, January 1	4,252	9,424	2,724	16,400
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Fund Cash Balances, December 31	\$2,025	\$12,160	\$4,330	\$18,515

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

**SWITZERLAND TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Switzerland Township, Monroe 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Clarington Volunteer Fire Department, Beallsville Community Volunteer Fire Departments, respectively, to provide fire services and the Village of Powhatan Point for fire and ambulance 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. 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 Fund:

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

**SWITZERLAND TOWNSHIP
MONROE 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 bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest payments associated with Township debt.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

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.

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:

**SWITZERLAND TOWNSHIP
MONROE COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$19,989</u>	<u>\$18,515</u>
Total deposits	<u><u>\$19,989</u></u>	<u><u>\$18,515</u></u>

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

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	\$21,546	\$36,488	\$14,942
Special Revenue	83,949	84,827	878
Debt Service	<u>8,400</u>	<u>8,400</u>	<u>0</u>
Total	<u><u>\$113,895</u></u>	<u><u>\$129,715</u></u>	<u><u>\$15,820</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$37,895	\$36,236	\$1,659
Special Revenue	81,786	83,593	(1,807)
Debt Service	<u>12,730</u>	<u>8,412</u>	<u>4,318</u>
Total	<u><u>\$132,411</u></u>	<u><u>\$128,241</u></u>	<u><u>\$4,170</u></u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$22,615	\$21,685	(\$930)
Special Revenue	71,175	109,144	37,969
Debt Service	<u>8,400</u>	<u>8,400</u>	<u>0</u>
Total	<u><u>\$102,190</u></u>	<u><u>\$139,229</u></u>	<u><u>\$37,039</u></u>

**SWITZERLAND TOWNSHIP
MONROE 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	\$26,867	\$23,912	\$2,955
Special Revenue	80,599	106,408	(25,809)
Debt Service	11,124	6,794	4,330
Total	\$118,590	\$137,114	(\$18,524)

At December 31, 2000, the Township had appropriations which were in excess of the amount certified by the County Budget Commission for the General Fund.

At December 31, 1999, the Township had expenditures which exceeded appropriations within the Gasoline Tax Fund.

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 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.

5. DEBT

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

	Principal	Interest Rate
General Obligation Note	\$29,829	5%

The general obligation note was issued to finance the purchase of a tractor and boom mower to be used for Township road maintenance. The tractor and boom mower are also pledged as collateral.

**SWITZERLAND TOWNSHIP
MONROE COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Notes
2001	\$8,412
2002	8,412
2003	8,412
2004	8,412
Total	<u>\$33,648</u>

6. RETIREMENT SYSTEMS

Township employees, as well as the Board of Trustees and Township Clerk, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2000 and 1999, PERS members 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 is a member of the Ohio Township Risk Management Authority, which is a public entity shared risk pool among townships in Ohio. The Pool assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

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

Switzerland Township
Monroe County
50830 German Ridge Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited the accompanying financial statements of Switzerland Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 28, 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 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* which are described in the accompanying Schedule of Findings as items 2000-41056-001 and 2000-41065-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 28, 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 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 28, 2001.

Switzerland Township
Monroe 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 28, 2001

**SWITZERLAND TOWNSHIP
MONROE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-41056-001

Noncompliance Citation

Ohio Rev. Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue plus unencumbered balances available for expenditure as certified by the county budget commission.

At December 31, 2000, the Township had appropriations which were in excess of the total amount certified by the budget commission by \$14,323 in the General Fund.

We recommend the Township ensure appropriations of each fund do not exceed the estimated revenue certified by the county budget commission.

FINDING NUMBER 2000-41056-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

At December 31, 1999, the Township had expenditures which exceeded appropriations within the Gasoline Tax Fund by \$32,365.

We recommend the Township Clerk deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and estimated resources, if necessary.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SWITZERLAND TOWNSHIP

MONROE 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
MAY 29, 2001**