

**BROWN TOWNSHIP**

DAYTON REGION, DARKE COUNTY

**REGULAR AUDIT**

JANUARY 1, 2000 THROUGH DECEMBER 31, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Trustees  
Brown Township

We have reviewed the Independent Auditor's Report of Brown Township, Darke County, prepared by Vanderhorst & Manning CPAs, LLC for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Brown Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

May 20, 2002

**This Page is Intentionally Left Blank.**

**BROWN TOWNSHIP  
DARKE COUNTY**

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Auditors'	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5 – 9
Report of Independent Accountants' on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11 – 12

**This Page is Intentionally Left Blank.**

**VANDERHORST & MANNING CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**REPORT OF INDEPENDENT AUDITORS'**

Board of Trustees  
Brown Township  
4752 Elroy Ansonia Road  
Ansonia, Ohio 45303

We have audited the accompanying financial statements of Brown Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 audits in accordance with auditing standards generally accepted in the United States of America 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 audits provide a reasonable basis for our opinion.

As described 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 Brown Township, Darke County, as of December 31, 2001 and 2000, 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 a report dated May 1, 2002, 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 on 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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

May 1, 2002





**BROWN TOWNSHIP  
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Taxes	\$ 17,981	\$ 48,166	\$ 66,147
Licenses, Permits and Fees	78	0	78
Intergovernmental Receipts	33,622	53,793	87,415
Interest	2,644	881	3,525
All Other Receipts	2,762	701	3,463
<b>Total Cash Receipts</b>	<u>57,087</u>	<u>103,541</u>	<u>160,628</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	35,106	0	35,106
Public Safety	180	20,971	21,151
Public Works	3,630	46,500	50,130
Health	5,368	1,054	6,422
Capital Outlay	9,940	40,904	50,844
<b>Total Cash Disbursements</b>	<u>54,224</u>	<u>109,429</u>	<u>163,653</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,863</u>	<u>(5,888)</u>	<u>(3,025)</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	4,096	0	4,096
<b>Total Other Financing Receipts (Disbursements)</b>	<u>4,096</u>	<u>0</u>	<u>4,096</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,959	(5,888)	1,071
<b>Fund Cash Balances, January 1, 2001</b>	<u>107,503</u>	<u>164,144</u>	<u>271,647</u>
<b>Fund Cash Balances, December 31, 2001</b>	<u>\$ 114,462</u>	<u>\$ 158,256</u>	<u>\$ 272,718</u>

The Notes to the Financial Statements are an integral part of this statement.

**BROWN TOWNSHIP  
DARKE 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

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Taxes	\$ 18,300	\$ 49,253	\$ 67,553
Licenses, Permits and Fees	94	0	94
Intergovernmental Receipts	38,438	54,015	92,453
Interest	2,591	864	3,455
All Other Receipts	1,901	2,340	4,241
<b>Total Cash Receipts</b>	<u>61,324</u>	<u>106,472</u>	<u>167,796</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	33,600	0	33,600
Public Safety	94	20,516	20,610
Public Works	3,630	56,149	59,779
Health	5,260	1,003	6,263
Capital Outlay	0	3,150	3,150
<b>Total Cash Disbursements</b>	<u>42,584</u>	<u>80,818</u>	<u>123,402</u>
<b>Total Receipts Over/(Under) Disbursements</b>	18,740	25,654	44,394
Other Financing Receipts/(Disbursements):			
Other Financing Sources	3,370	247	3,617
<b>Total Other Financing Receipts (Disbursements)</b>	<u>3,370</u>	<u>247</u>	<u>3,617</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,110	25,901	48,011
<b>Fund Cash Balances, January 1, 2000</b>	<u>85,393</u>	<u>138,243</u>	<u>223,636</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u>\$ 107,503</u>	<u>\$ 164,144</u>	<u>\$ 271,647</u>

The Notes to the Financial Statements are an integral part of this statement.

**BROWN TOWNSHIP  
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Brown Township of Darke 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 street maintenance and fire protection 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 a payment is made 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 and Investments**

All Township funds are held in an interest bearing checking account and Certificates of Deposits. The 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:

**General Fund:**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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 construction, maintaining and repairing Township roads.

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

**BROWN TOWNSHIP  
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

---

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

**D. Fund Accounting** (Continued)

**Special Revenue Funds:** (Continued)

**Road and Bridge Fund** – This fund receives property tax money for constructing, maintaining and repairing Township roads.

**Fire District Fund** – This fund receives the proceeds of a property tax levy for obtaining the fire protection services for Township residents.

**Cemetery Fund** – The fund collects revenue from the sale of lots and cremation services.

**Rescue Fund** – The fund provides ambulance services to the Township and collects fees for these services.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**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.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

**BROWN TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

---

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

**E. Budgetary Process (Continued)**

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 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 statements.

**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:

	2001	2000
Demand Deposits	\$ 189,723	\$ 192,748
Certificate of Deposits	<u>\$ 82,995</u>	<u>\$ 78,899</u>
Total Deposits	<u>\$ 272,718</u>	<u>\$ 271,647</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool. The cash balance exceeded the depository amounts during certain months in 2000 and 2001.

**BROWN TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

---

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001, and 2000 was as follows:

**2001 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 56,475	\$ 61,183	\$ 4,708
Special Revenue	<u>120,536</u>	<u>103,541</u>	<u>(16,995)</u>
Total	<u>\$177,011</u>	<u>\$164,724</u>	<u>\$(12,287)</u>

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$163,977	\$ 54,224	\$109,753
Special Revenue	<u>284,680</u>	<u>109,429</u>	<u>175,251</u>
Total	<u>\$448,657</u>	<u>\$163,653</u>	<u>\$285,004</u>

**2000 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 46,745	\$ 64,694	\$ 17,949
Special Revenue	<u>103,535</u>	<u>106,719</u>	<u>3,184</u>
Total	<u>\$150,280</u>	<u>\$171,413</u>	<u>\$21,133</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$132,138	\$ 42,584	\$ 89,554
Special Revenue	<u>241,778</u>	<u>80,818</u>	<u>160,960</u>
Total	<u>\$373,916</u>	<u>\$123,402</u>	<u>\$250,514</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 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.

**BROWN TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

---

**4. PROPERTY TAX (Continued)**

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 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. These plans provide retirement benefits, including post-retirement health care, 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 2001 and 2000, 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. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. 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 coverage to full-time employees through a private carrier.





**VANDERHORST & MANNING CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

Board of Trustees  
Brown Township  
4752 Elroy Ansonia Road  
Ansonia, Ohio 45303

We have audited the financial statements of the Brown Township, Darke County Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 2002. 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 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 the Township in a separate letter dated May 1, 2002.

### **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 specific 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 operations 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 the management of the Township in a separate letter dated May 1, 2002.

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.

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

May 1, 2002



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

**BROWN TOWNSHIP**

**DARKE 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 4, 2002**