



**Auditor of State
Betty Montgomery**

**AMBOY TOWNSHIP
FULTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Amboy Township
Fulton County
2650 County Road S
P.O. Box 172
Metamora, Ohio 43540-0172

To the Board of Trustees:

We have audited the accompanying financial statements of Amboy Township, Fulton County, (the Township) as of and for the years ended December 31, 2003 and 2002. 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 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides 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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 31, 2004 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, management, the Board, 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.



Betty Montgomery
Auditor of State

March 31, 2004

**AMBOY TOWNSHIP
FULTON 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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts				
Local Taxes	\$ 36,354	\$ 144,387	\$ -	\$ 180,741
Intergovernmental	33,643	90,599	-	124,242
Charges for Services	-	98,000	-	98,000
Licenses, Permits, and Fees	-	350	-	350
Earnings on Investments	3,006	889	318	4,213
Other Revenue	-	1,700	-	1,700
Total Cash Receipts	<u>73,003</u>	<u>335,925</u>	<u>318</u>	<u>409,246</u>
Cash Disbursements				
Current:				
General Government	107,723	-	-	107,723
Public Safety	-	81,255	-	81,255
Public Works	20,238	61,165	-	81,403
Health	-	14,912	-	14,912
Debt Service:				
Redemption of Principal	-	24,000	-	24,000
Interest and Fiscal Charges	-	4,290	-	4,290
Capital Outlay	798	9,197	-	9,995
Total Cash Disbursements	<u>128,759</u>	<u>194,819</u>	<u>-</u>	<u>323,578</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(55,756)</u>	<u>141,106</u>	<u>318</u>	<u>85,668</u>
Other Financing Receipts and (Disbursements)				
Sale of Fixed Assets	91	-	-	91
Transfers-In	-	10,000	-	10,000
Transfers-Out	(10,000)	-	-	(10,000)
Total Other Financing Receipts/(Disbursements)	<u>(9,909)</u>	<u>10,000</u>	<u>-</u>	<u>91</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(65,665)</u>	<u>151,106</u>	<u>318</u>	<u>85,759</u>
Fund Cash Balances, January 1	<u>74,566</u>	<u>318,718</u>	<u>26,474</u>	<u>419,758</u>
Fund Cash Balances, December 31	<u>\$ 8,901</u>	<u>\$ 469,824</u>	<u>\$ 26,792</u>	<u>\$ 505,517</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 3,258</u>	<u>\$ -</u>	<u>\$ 3,258</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**AMBOY TOWNSHIP
FULTON 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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts				
Local Taxes	\$ 32,237	\$ 136,613	\$ -	\$ 168,850
Intergovernmental	84,313	90,959	-	175,272
Charges for Services	-	96,000	-	96,000
Licenses, Permits, and Fees	-	400	-	400
Earnings on Investments	3,378	717	692	4,787
Other Revenue	-	100	-	100
Total Cash Receipts	<u>119,928</u>	<u>324,789</u>	<u>692</u>	<u>445,409</u>
Cash Disbursements				
Current:				
General Government	99,582	-	-	99,582
Public Safety	-	43,976	-	43,976
Public Works	19,701	12,075	-	31,776
Health	-	22,062	-	22,062
Debt Service:				
Redemption of Principal	-	24,000	-	24,000
Interest and Fiscal Charges	-	5,610	-	5,610
Capital Outlay	-	35,969	-	35,969
Total Cash Disbursements	<u>119,283</u>	<u>143,692</u>	<u>-</u>	<u>262,975</u>
Total Cash Receipts Over Cash Disbursements	<u>645</u>	<u>181,097</u>	<u>692</u>	<u>182,434</u>
Other Financing Receipts				
Sale of Fixed Assets	-	2,683	-	2,683
Total Other Financing Receipts	<u>-</u>	<u>2,683</u>	<u>-</u>	<u>2,683</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	645	183,780	692	185,117
Fund Cash Balances, January 1	<u>73,921</u>	<u>134,938</u>	<u>25,782</u>	<u>234,641</u>
Fund Cash Balances, December 31	<u>\$ 74,566</u>	<u>\$ 318,718</u>	<u>\$ 26,474</u>	<u>\$ 419,758</u>
Reserve for Encumbrances, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Amboy Township, Fulton 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 road and bridge maintenance, cemetery maintenance, fire protection 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 and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Investments in STAR Ohio (the State Treasurer's investment pool) are recorded at share values as reported by the pool.

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:

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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:

Cemetery Fund – This fund received property tax money and fees for maintaining the Township cemetery.

Fire Fund – This fund receives property tax money and revenues from other governments to provide fire services.

5. Fiduciary Funds (Expendable Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund – This fund receives interest income and the funds are restricted for cemetery improvements.

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, 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. Unencumbered appropriations lapse at year end.

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

A summary of 2003 and 2002 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 287,036	\$ 290,433
Certificates of deposit	20,284	26,475
Total deposits	<u>307,320</u>	<u>316,908</u>
STAR Ohio	<u>198,197</u>	<u>102,850</u>
Total deposits and investments	<u><u>\$ 505,517</u></u>	<u><u>\$ 419,758</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,437	\$ 73,094	\$ (12,343)
Special Revenue	328,986	345,925	16,939
Fiduciary	400	318	(82)
Total	<u>\$ 414,823</u>	<u>\$ 419,337</u>	<u>\$ 4,514</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 164,655	\$ 138,759	\$ 25,896
Special Revenue	637,000	198,077	438,923
Fiduciary	26,500	-	26,500
Total	<u>\$ 828,155</u>	<u>\$ 336,836</u>	<u>\$ 491,319</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 93,902	\$ 119,928	\$ 26,026
Special Revenue	325,016	327,472	2,456
Fiduciary	1,550	692	(858)
Total	<u>\$ 420,468</u>	<u>\$ 448,092</u>	<u>\$ 27,624</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 197,000	\$ 119,283	\$ 77,717
Special Revenue	428,757	143,692	285,065
Fiduciary	27,000	-	27,000
Total	<u>\$ 652,757</u>	<u>\$ 262,975</u>	<u>\$ 389,782</u>

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 60,000	5.50%

The general obligation note was issued to finance a portion of the purchase of a new fire truck in 2001.

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

	General Obligation Notes
Year ending December 31:	
2004	\$ 26,970
2005	25,650
2006	12,330
Total	\$ 64,950

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RETIREMENT SYSTEMS

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund

**AMBOY TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 (for those years available):

Casualty Coverage	2002	2001
Assets	\$ 23,757,036	\$ 23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained Earnings	\$ 14,559,524	\$ 14,324,773
Property Coverage	2002	2001
Assets	\$ 6,596,996	\$ 5,011,131
Liabilities	(1,204,326)	(647,667)
Retained Earnings	\$ 5,392,670	\$ 4,363,464

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**Auditor of State
Betty Montgomery**

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

Amboy Township
Fulton County
2650 County Road S
P.O. Box 172
Metamora, Ohio 43540-0172

To the Board of Trustees:

We have audited the financial statements of Amboy Township, Fulton County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 31, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audit 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.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 31, 2004.

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 31, 2004.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

March 31, 2004

**AMBOY TOWNSHIP
FULTON COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Finding for Adjustment

Ohio Revised Code § 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established.

April 2002 rollback and homestead taxes were posted to the General Fund. The county auditor provided a breakdown to the township as to the allocation of rollback and homestead taxes between the General, Road and Bridge, Cemetery and Fire Funds. This required an adjustment for 2002 from the General Fund of \$6,790 to the affected funds listed below:

<u>Description</u>	<u>Amount</u>	<u>Affected Fund</u>
Fiscal Year 2002		
Rollback and Homestead posted to wrong funds	\$ 2,413	Road and Bridge
	721	Cemetery
	3,656	Fire

The Clerk has made the adjustment and the adjustment is reflected in the financial statements.

**AMBOY TOWNSHIP
FULTON COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2001-40126-001	Ohio Revised Code § 5705.41(D) did not make the proper certification of funds for 58 percent of the transactions tested during the audit period.	Yes	
2001-40126-002	Ohio Revised Code § 5705.41(B) - Expenditures exceeded appropriations in 2001 for the Fire Fund by \$90,956.	Yes	
2001-40126-003	Ohio Revised Code § 505.60 reimbursement for health insurance premium payments, based on copies of fictitious invoices and copies of personal checks written.	Yes	
2001-40126-004	Ohio Revised Code §5705.10 property insurance premium paid from the Fire Fund instead of the General Fund.	Yes	
	August rollback and homestead taxes were posted to the General Fund and not allocated appropriately to Special Revenue Funds	No	Not corrected. Reissued as finding 2003-001.



**Auditor of State
Betty Montgomery**

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AMBOY TOWNSHIP

FULTON 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 27, 2004**