



**Auditor of State  
Betty Montgomery**



OAK RUN TOWNSHIP  
MADISON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Oak Run Township  
Madison County  
8695 State Route 56  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Oak Run Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 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. 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 Township as of December 31, 2003, and December 31, 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 12, 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

March 12, 2004

**OAK RUN TOWNSHIP  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$17,589	\$2,685	\$20,274
Intergovernmental	21,820	56,517	78,337
Earnings on Investments	2,350	1,350	3,700
Other Revenue	1,776	2,378	4,154
<b>Total Cash Receipts</b>	<u>43,535</u>	<u>62,930</u>	<u>106,465</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	44,322	0	44,322
Public Safety	11,081	0	11,081
Public Works	1,754	46,279	48,033
Health	383	0	383
Capital Outlay	1,200	0	1,200
<b>Total Cash Disbursements</b>	<u>58,740</u>	<u>46,279</u>	<u>105,019</u>
Total Receipts Over/(Under) Disbursements	<u>(15,205)</u>	<u>16,651</u>	<u>1,446</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Other Sources	209	0	209
Other Uses	0	(1,203)	(1,203)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>209</u>	<u>(1,203)</u>	<u>(994)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,996)	15,448	452
Fund Cash Balances, January 1	<u>204,028</u>	<u>105,589</u>	<u>309,617</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$189,032</b></u>	<u><b>\$121,037</b></u>	<u><b>\$310,069</b></u>

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

**OAK RUN TOWNSHP  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$15,603	\$2,138	\$17,741
Intergovernmental	18,931	47,855	66,786
Earnings on Investments	4,117	2,035	6,152
Other Revenue	1,269	0	1,269
	<u>39,920</u>	<u>52,028</u>	<u>91,948</u>
<b>Total Cash Receipts</b>			
	<u>39,920</u>	<u>52,028</u>	<u>91,948</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	36,336	0	36,336
Public Safety	9,750	0	9,750
Public Works	1,745	41,839	43,584
Health	382	0	382
Capital Outlay	650	1,015	1,665
	<u>48,863</u>	<u>42,854</u>	<u>91,717</u>
<b>Total Cash Disbursements</b>			
	<u>48,863</u>	<u>42,854</u>	<u>91,717</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(8,943)</u>	<u>9,174</u>	<u>231</u>
<b>Other Financing Receipts:</b>			
Other Sources	108	0	108
	<u>108</u>	<u>0</u>	<u>108</u>
<b>Total Other Financing Receipts</b>			
	<u>108</u>	<u>0</u>	<u>108</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(8,835)</u>	<u>9,174</u>	<u>339</u>
<b>Fund Cash Balances, January 1</b>	<u>212,863</u>	<u>96,415</u>	<u>309,278</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$204,028</b></u>	<u><b>\$105,589</b></u>	<u><b>\$309,617</b></u>

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

**OAK RUN TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Oak Run Township, Madison 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, fire protection and emergency medical services. The Township contracts with Central Township Fire Department to provide fire services and Madison Emergency Medical District to provide 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. 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.

**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:

**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 Township roads.

**OAK RUN TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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 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 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 at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$310,069</u>	<u>\$309,617</u>

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

**OAK RUN TOWNSHIP  
MADISON COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,402	\$43,744	\$2,342
Special Revenue	52,213	62,930	10,717
Total	\$93,615	\$106,674	\$13,059

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,198	\$58,740	\$186,458
Special Revenue	157,676	47,482	110,194
Total	\$402,874	\$106,222	\$296,652

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,767	\$40,028	\$31,261
Special Revenue	53,860	52,028	(1,832)
Total	\$62,627	\$92,056	\$29,429

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,000	\$48,863	\$171,137
Special Revenue	145,302	42,854	102,448
Total	\$365,302	\$91,717	\$273,585

**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 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.

**OAK RUN TOWNSHIP  
MADISON COUNTY**

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

**4. PROPERTY TAX (Continued)**

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEM**

The Township's 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. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all required contributions through December 31, 2003.

**6. JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION**

Central Township Fire Department, Madison County, (the Department) was incorporated on March 26, 1969 and is a governmental not-for-profit corporation legally separate from any other entity. The Department is owned by four townships; Deercreek, Union, Oak Run, and Paint Townships. The Department is directed by an appointed twelve member Board of Trustees consisting of the elected Trustees from each participating township.

The Department receives the majority of its revenue from contracts with the participating townships and two additional townships, Monroe and Somerford Townships. The participating townships pay the Department eight tenths of one mill times the total valuation of said township, while the non-participating townships pay the Department one and two tenths mills times the total valuation of said township for fire protection and rescue services. Oak Run Township disbursed \$11,081 and \$9,749 to the Department in 2003 and 2002, respectively.

Further detailed financial information may be obtained by contacting the Central Township Fire Department at the following address: 8695 State Route 56, Mt. Sterling, Ohio 43143.

The Madison Emergency Medical District (the District) provides ambulance services within the District and by contract to areas outside the District. The District is directed by an appointed six member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township, and Union Township.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

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

Oak Run Township  
Madison County  
8695 State Route 56  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Oak Run Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated March 12, 2004. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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.

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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

March 12, 2004



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**OAK RUN TOWNSHIP**

**MADISON 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 20, 2004**