



**Auditor of State
Betty Montgomery**

**FOX TOWNSHIP
CARROLL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
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.....	3
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.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	15

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Fox Township
Carroll County
10075 Salineville Road
Salineville, Ohio 43945

To the Board of Trustees:

We have audited the accompanying financial statements of Fox Township, Carroll County, Ohio (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. 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 Fox Township, Carroll County, 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 June 14, 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 Ohio Revised Code § 117.26, and are 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

June 14, 2004

**FOX TOWNSHIP
CARROLL 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>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Agency</u>	
Cash Receipts:					
Local Taxes	\$13,077	\$60,874			\$73,951
Intergovernmental	16,514	87,278			103,792
Earnings on Investments	17	48			65
Other Revenue	247				247
	<u>29,855</u>	<u>148,200</u>			<u>178,055</u>
Total Cash Receipts					
	<u>29,855</u>	<u>148,200</u>			<u>178,055</u>
Cash Disbursements:					
Current:					
General Government	20,882				20,882
Public Safety		16,420			16,420
Public Works	685	95,670			96,355
Health	4,991				4,991
Debt Service:					
Redemption of Principal		18,487	\$5,300		23,787
Interest and Fiscal Charges		1,725			1,725
Capital Outlay		13,636			13,636
	<u>26,558</u>	<u>145,938</u>	<u>5,300</u>		<u>177,796</u>
Total Cash Disbursements					
	<u>26,558</u>	<u>145,938</u>	<u>5,300</u>		<u>177,796</u>
Total Receipts Over/(Under) Disbursements	<u>3,297</u>	<u>2,262</u>	<u>(5,300)</u>		<u>259</u>
Other Financing Receipts and (Disbursements):					
Transfers-In			5,300		5,300
Transfers-Out	(5,300)				(5,300)
	<u>(5,300)</u>		<u>5,300</u>		
Total Other Financing Receipts/(Disbursements)					
	<u>(5,300)</u>		<u>5,300</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,003)</u>	<u>2,262</u>			<u>259</u>
Fund Cash Balances, January 1	<u>2,679</u>	<u>25,550</u>		<u>\$4,000</u>	<u>32,229</u>
Fund Cash Balances, December 31	<u><u>\$676</u></u>	<u><u>\$27,812</u></u>		<u><u>\$4,000</u></u>	<u><u>\$32,488</u></u>

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

**FOX TOWNSHIP
CARROLL 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>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Agency</u>	
Cash Receipts:					
Local Taxes	\$12,579	\$59,571			\$72,150
Intergovernmental	16,771	81,822			98,593
Earnings on Investments	22	76			98
Other Revenue	578	2,486		\$1,000	4,064
	<u>29,950</u>	<u>143,955</u>		<u>1,000</u>	<u>174,905</u>
Total Cash Receipts					
	<u>29,950</u>	<u>143,955</u>		<u>1,000</u>	<u>174,905</u>
Cash Disbursements:					
Current:					
General Government	18,325				18,325
Public Safety		16,168			16,168
Public Works	699	84,772			85,471
Health	4,846				4,846
Debt Service:					
Redemption of Principal		17,510	\$5,000		22,510
Interest and Fiscal Charges		3,002			3,002
Capital Outlay		19,186			19,186
	<u>23,870</u>	<u>140,638</u>	<u>5,000</u>		<u>169,508</u>
Total Cash Disbursements					
	<u>23,870</u>	<u>140,638</u>	<u>5,000</u>		<u>169,508</u>
Total Receipts Over/(Under) Disbursements	<u>6,080</u>	<u>3,317</u>	<u>(5,000)</u>	<u>1,000</u>	<u>5,397</u>
Other Financing Receipts and (Disbursements):					
Transfers-In			5,000		5,000
Transfers-Out	(5,000)				(5,000)
	<u>(5,000)</u>				<u>(5,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>		<u>5,000</u>		<u>(5,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,080</u>	<u>3,317</u>		<u>1,000</u>	<u>5,397</u>
Fund Cash Balances, January 1	<u>1,599</u>	<u>22,233</u>		<u>3,000</u>	<u>26,832</u>
Fund Cash Balances, December 31	<u><u>\$2,679</u></u>	<u><u>\$25,550</u></u>		<u><u>\$4,000</u></u>	<u><u>\$32,229</u></u>

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

**FOX TOWNSHIP
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fox Township, Carroll 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 maintenance. The Township contracts with Fox Township Volunteer Fire Department to provide fire protection.

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 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:

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

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

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:

Debt Service Fund – This fund receives money from the General Fund to repay the note for a Township grader.

**FOX TOWNSHIP
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fiduciary Funds (Agency Funds)

These funds are used for monies in which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Road Bond Fund – This fund receives monies from various mining or logging companies for use of certain Township roads. These monies are held in escrow in the event that road repairs would be necessary after the mining or logging has been completed.

D. 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 function level of control in the General Fund and the fund level of control for all other funds, 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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.

**FOX TOWNSHIP
CARROLL COUNTY**

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

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:

	2003	2002
Demand Deposits	\$32,488	\$32,229

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,392	\$29,855	\$463
Special Revenue	148,805	148,200	(605)
Debt Service	5,300	5,300	0
Total	\$183,497	\$183,355	(\$142)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,215	\$31,858	\$2,357
Special Revenue	154,863	145,938	8,925
Debt Service	5,300	5,300	0
Total	\$194,378	\$183,096	\$11,282

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,948	\$29,950	\$2,002
Special Revenue	143,776	143,955	179
Debt Service	5,000	5,000	0
Total	\$176,724	\$178,905	\$2,181

**FOX TOWNSHIP
CARROLL COUNTY**

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

3. BUDGETARY ACTIVITY

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,718	\$28,870	(\$152)
Special Revenue	148,813	140,638	8,175
Debt Service	5,000	5,000	0
Total	\$182,531	\$174,508	\$8,023

Contrary to Ohio Revised Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in three funds in 2002 and in two funds in 2003.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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 Note	\$2,377	5.95%

The general obligation note was issued to finance the purchase of a grader for the Township. The note was dated October 12, 2000 for \$65,402 and the maturity date is 2004. The note is collateralized solely by the Township's taxing authority.

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

	General Obligation Note
Year ending December 31: 2004	\$2,518

**FOX TOWNSHIP
CARROLL COUNTY**

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

6. 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 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 contributions required through December 31, 2003.

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.

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**Auditor of State
Betty Montgomery**

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

Fox Township
Carroll County
10075 Salineville Road
Salineville, Ohio 43945

To the Board of Trustees:

We have audited the accompanying financial statements of Fox Township, Carroll County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 14, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 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 June 14, 2004.

Fox Township
Carroll County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

June 14, 2004

**FOX TOWNSHIP
CARROLL 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

Ohio Revised Code § 5705.41 (D) provides that no subdivision 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 such 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 requirement:

- A. Then and Now Certificate – 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 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

The Township did not certify or record the amount against the applicable appropriation accounts for 47% of the tested expenditures in 2002 and 38% of the tested expenditures in 2003. The Township did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Township should obtain approved purchase orders which include the fiscal officer’s certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

FINDING NUMBER 2003-002

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the following funds:

Year	Fund	Budgetary Authority	Expenditures	Variance
2003	Road and Bridge	\$21,901	\$34,913	(\$13,012)
	Fire Levy	15,000	16,420	(1,420)
2002	General			
	General Government	18,173	18,325	(152)
	Road and Bridge	23,339	34,336	(10,997)
	Fire Levy	15,000	16,167	(1,167)

**FOX TOWNSHIP
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

The Township Clerk should monitor expenditures by comparing them to appropriations throughout the year and have the Board of Trustees approve appropriation amendments in the minutes as necessary to guard against overspending.

**FOX TOWNSHIP
CARROLL 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>
2001-41210-001	Revised Code 5705.41(D), failure to certify funds	No	Cited again as Finding Number 2003-001.
2001-41210-002	Revised Code 5707.41(B), expenditures exceeded appropriations	No	Cited again as Finding Number 2003-002.



**Auditor of State
Betty Montgomery**

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FOX TOWNSHIP

CARROLL 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
JULY 20, 2004**