



**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Ottawa Township  
Putnam County  
320 West Fifth Street  
Ottawa, Ohio 45875-1379

To the Board of Trustees:

We have audited the accompanying financial statements of Ottawa Township, Putnam County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

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. Those standards require that we plan and perform the audits 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 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 and reserves for encumbrances of the Township as of December 31, 1999 and 1998, 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, 2000 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.

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.

**Jim Petro**  
Auditor of State

March 31, 2000

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 58,822	\$ 72,368	\$ 0	\$ 131,190
Intergovernmental	82,958	76,497		159,455
Charges for Services	3,760			3,760
Licenses, Permits, and Fees		1,795		1,795
Earnings on Investments	8,838	5,568		14,406
Other Revenue	4,665	1,184		5,849
<b>Total Cash Receipts</b>	<u>159,043</u>	<u>157,412</u>	<u>0</u>	<u>316,455</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	86,466	1,268		87,734
Public Safety	9,802			9,802
Public Works	98	78,164		78,262
Health	813	2,707		3,520
Debt Service:				
Redemption of Principal			20,716	20,716
Interest and Fiscal Charges			195	195
Capital Outlay	2,526	37,217		39,743
<b>Total Cash Disbursements</b>	<u>99,705</u>	<u>119,356</u>	<u>20,911</u>	<u>239,972</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>59,338</u>	<u>38,056</u>	<u>(20,911)</u>	<u>76,483</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		5,500	19,296	24,796
Transfers-Out	(24,796)			(24,796)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(24,796)</u>	<u>5,500</u>	<u>19,296</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>34,542</u>	<u>43,556</u>	<u>(1,615)</u>	<u>76,483</u>
<b>Fund Cash Balances, January 1</b>	<u>62,101</u>	<u>226,485</u>	<u>1,615</u>	<u>290,201</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 96,643</u>	<u>\$ 270,041</u>	<u>\$ 0</u>	<u>\$ 366,684</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 420</u>	<u>\$ 1,070</u>	<u>\$ 0</u>	<u>\$ 1,490</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Cash Receipts:</b>		
Local Taxes	\$ 56,506	\$ 73,524
Intergovernmental	66,422	77,292
Charges for Services	3,831	
Licenses, Permits, and Fees	200	
Earnings on Investments	7,355	3,352
Other Revenue	5,020	3,350
	<u>139,334</u>	<u>157,518</u>
<b>Cash Disbursements:</b>		
Current:		
General Government	85,676	
Public Safety	4,862	
Public Works	95	52,843
Health	850	3,332
Debt Service:		
Redemption of Principal		
Interest and Fiscal Charges		
Capital Outlay	5,806	2,400
	<u>97,289</u>	<u>58,575</u>
<b>Total Cash Disbursements</b>	<u>97,289</u>	<u>58,575</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>42,045</u>	<u>98,943</u>
<b>Other Financing Receipts/(Disbursements):</b>		
Transfers-In		1,500
Transfers-Out	(81,500)	
	<u>(81,500)</u>	<u>1,500</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(81,500)</u>	<u>1,500</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(39,455)</u>	<u>100,443</u>
<b>Fund Cash Balances, January 1</b>	<u>101,556</u>	<u>126,042</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 62,101</u>	<u>\$ 226,485</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 275</u>	<u>\$ 1,429</u>

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



<u>Governmental Fund Types</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$ 0	\$ 0	\$ 130,030
	18,929	162,643
		3,831
		200
		10,707
		8,370
<u>0</u>	<u>18,929</u>	<u>315,781</u>
		85,676
		4,862
		52,938
		4,182
74,750		74,750
3,635		3,635
	18,929	27,135
<u>78,385</u>	<u>18,929</u>	<u>253,178</u>
<u>(78,385)</u>	<u>0</u>	<u>62,603</u>
80,000		81,500
		(81,500)
<u>80,000</u>	<u>0</u>	<u>0</u>
1,615	0	62,603
		227,598
<u>\$ 1,615</u>	<u>\$ 0</u>	<u>\$ 290,201</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,704</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ottawa Township, Putnam 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, and 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. Cash and Investments**

Certificates of deposit are valued at cost.

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 Funds:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

**3. Debt Service Fund**

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:

Fire Truck Debt Service Fund - This fund was established to accumulate resources for the retirement of notes for the purchase of a fire truck. This debt was paid off in 1999.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to repair roads.

**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.

**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 1999 and 1998 budgetary activity appears in Note 3.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

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

**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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**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>1999</u>	<u>1998</u>
Demand deposits	\$ 322,898	\$ 248,439
Certificates of deposit	<u>43,786</u>	<u>41,762</u>
Total deposits	<u>\$ 366,684</u>	<u>\$ 290,201</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 122,623	\$ 159,043	\$ 36,420
Special Revenue	157,131	162,912	5,781
Debt Service	20,750	19,296	(1,454)
Capital Projects	<u>19,000</u>	<u>0</u>	<u>(19,000)</u>
Total	<u>\$ 319,504</u>	<u>\$ 341,251</u>	<u>\$ 21,747</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 184,900	\$ 124,921	\$ 59,979
Special Revenue	383,979	120,426	263,553
Debt Service	22,365	20,911	1,454
Capital Projects	19,000	0	19,000
Total	<u>\$ 610,244</u>	<u>\$ 266,258</u>	<u>\$ 343,986</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 116,050	\$ 139,334	\$ 23,284
Special Revenue	145,194	159,018	13,824
Debt Service	80,000	80,000	0
Capital Projects	19,000	18,929	(71)
Total	<u>\$ 360,244</u>	<u>\$ 397,281</u>	<u>\$ 37,037</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 217,607	\$ 179,064	\$ 38,543
Special Revenue	271,236	60,004	211,232
Debt Service	80,000	78,385	1,615
Capital Projects	19,000	18,929	71
Total	<u>\$ 587,843</u>	<u>\$ 336,382</u>	<u>\$ 251,461</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.

Public utilities are also taxed on personal and real property located within the Township.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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 officials and full-time employee 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 1999 and 1998, 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, 1999.

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

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

The Township also provides health insurance to the officials through a private carrier.

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

Ottawa Township  
Putnam County  
320 West Fifth Street  
Ottawa, Ohio 45875-1379

To the Board of Trustees:

We have audited the accompanying financial statements of Ottawa Township, Putnam County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 31, 2000. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 audits, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 31, 2000.

This report is intended 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.

**Jim Petro**  
Auditor of State

March 31, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**OTTAWA TOWNSHIP**

**PUTNAM 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, 2000**