

HALE TOWNSHIP

HARDIN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

JANUARY 1, 2000 – DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Township Trustees
Hale Township
Mt. Victory, OH 43340

We have reviewed the Independent Auditor's Report of Hale Township, Hardin County, prepared by Vanessa L. Blevins, 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. Hale 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

July 22, 2002

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**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

JANUARY 1, 2000 TO DECEMBER 31, 2001

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REPORT OF INDEPENDENT ACCOUNTANTS

Hale Township
310 West Mansfield Rd.
Mt. Victory, Ohio 43340

To the Board of Township Trustees:

We have audited the accompanying financial statements of Hale Township, Hardin 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 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 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 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 of Hale Township, Hardin County, Ohio, 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 or report dated June 24, 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 in considering the results of our audit.

Vanessa L. Blevins, CPA

June 24, 2002

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

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

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Taxes	\$ 18,264	\$ 22,531	\$ 40,795
Intergovernmental	25,186	61,631	86,817
Fines, licenses, and permits	250	3,350	3,600
Interest Revenue	4,432	858	5,290
Miscellaneous	1,207	2,452	3,659
	<hr/>		
Total cash receipts	49,338	90,823	140,161
	<hr/>		
Cash disbursements:			
Current:			
Public safety	-	6	6
Public health services	7,398	13,247	20,645
Public works	-	79,454	79,454
Miscellaneous	-	1,827	1,827
General government	27,042	622	27,664
Capital outlay	1,026	-	1,026
	<hr/>		
Total cash disbursements	35,466	95,156	130,622
	<hr/>		
Other financing receipts/(disbursements):			
Transfers-in	-	10,000	10,000
Transfers-out	(10,000)	-	(10,000)
Contingencies	(4,867)	-	(4,867)
Other financing sources	622	-	622
	<hr/>		
Total other financing receipts/(disbursements)	(14,246)	10,000	(4,246)
	<hr/>		
Total of Rec. and Other Sources Over (Under) Disbursements and Other Uses	(373)	5,667	5,293
	<hr/>		
Fund cash balances, January 1, 2001	101,138	56,264	157,401
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Fund cash balances, December 31, 2001	\$ 100,764	\$ 61,930	\$ 162,694
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The notes to the financial statement are an integral part of this statement.

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

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

	Nonexpendable Trust
Operating Cash receipts:	
Interest	\$ 57
Total operating cash receipts	<u> 57</u>
Cash disbursements:	
Purchased services	-
Total operating cash disbursements	<u> -</u>
Operating income/(loss)	57
Fund cash balances, January 1, 2001	<u> 1,121</u>
Fund cash balances, December 31, 2001	<u><u> \$ 1,177</u></u>

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

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Special Revenue	Total (Memorandum Only)
Cash receipts:			
Taxes	\$ 14,450	\$ 26,880	\$ 41,330
Intergovernmental	29,205	61,691	90,896
Fines, licenses, and permits	500	3,500	4,000
Interest Revenue	4,261	839	5,100
Miscellaneous	1,068	603	1,671
	<hr/>		
Total cash receipts	49,485	93,513	142,998
Cash disbursements:			
Current:			
Public safety	-	5,076	5,076
Public health services	5,640	11,263	16,903
Public Works	-	69,587	69,587
Miscellaneous	995	5,000	5,995
General government	26,817	498	27,314
Capital outlay	1,922	4,000	5,922
	<hr/>		
Total cash disbursements	35,374	95,424	130,799
	<hr/>		
Total receipts over (under) disbursements	14,111	(1,911)	12,199
Other financing resources:			
Operating Transfers In	-	5,000	5,000
Operating Transfers Out	(5,000)	-	(5,000)
Contingencies	(200)	-	(200)
Sale of Assets	19	-	19
	<hr/>		
Total other financing resources	(5,181)	5,000	(181)
	<hr/>		
Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses	8,930	3,089	12,018
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Fund cash balances, January 1, 2000	92,208	53,175	145,383
	<hr/>		
Fund cash balances, December 31, 2000	101,138	56,264	157,401
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The notes to the financial statement are an integral part of this statement.

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES- ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Nonexpendable Trust
Operating Cash receipts:	
Interest	\$ 50
Total operating cash receipts	<u> 50</u>
Cash disbursements:	
Purchased services	204
Total operating cash disbursements	<u> 204</u>
Operating income/(loss)	(154)
Fund cash balances, January 1, 2000	<u> 1,275</u>
Fund cash balances, December 31, 2000	<u><u> \$ 1,121</u></u>

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

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hale Township, Hardin 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. The Township provides general governmental 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

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:

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

Motor Vehicle License Tax - This fund receives tax money for maintaining and repairing Township roads.

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Cemetery Fund - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township cemeteries.

Fiduciary Funds (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds - these funds account for resources restricted by legally binding agreements.

E. Budgetary Process

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

Apropriations - 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 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, 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.

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 55,451	\$ 49,960	\$ (5,491)
Special Revenue	110,720	100,823	(9,897)
Fiduciary	65	57	(8)
Total	<u>\$ 166,236</u>	<u>\$ 150,839</u>	<u>\$ (15,397)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 110,437	\$ 50,333	\$ 60,104
Special Revenue	146,017	95,156	50,861
Fiduciary	65	-	65
Total	<u>\$ 256,520</u>	<u>\$ 145,489</u>	<u>\$ 111,031</u>

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	51,208	49,504	\$ (1,704)
Special Revenue	105,365	98,513	(6,852)
Fiduciary	55	50	(5)
Total	<u>\$ 156,628</u>	<u>\$ 148,067</u>	<u>\$ (8,561)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 107,191	\$ 40,574	\$ 66,616
Special Revenue	151,689	95,424	\$ 56,265
Fiduciary	209	204	\$ 5
Total	<u>\$ 259,089</u>	<u>\$ 136,203</u>	<u>\$ 122,886</u>

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. 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>2001</u>	<u>2000</u>
Demand deposits	\$ 162,751	\$ 157,401
Certificates of deposit	1,121	1,121
Total deposits	<u>\$ 163,871</u>	<u>\$ 158,522</u>

Deposits

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

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. 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.

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

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. 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 2001 and 2000, PERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

**HALE TOWNSHIP
HARDIN COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability
- Public Officials Liability
- Automobile Liability, Comprehensive and Collision
- Property Coverage

Vanessa L Blevins, CPA

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Washington C.H., OH 43160

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

Hale Township
310 West Mansfield Road
Mt. Victory, Ohio 43340

To the Board of Township Trustees:

We have audited the financial statements of Hale Township, Hardin County, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 24, 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 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 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 24, 2002.

This report is intended for the information of the board of trustees and management. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Vanessa L. Blevins, CPA



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HALE TOWNSHIP

HARDIN 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
AUGUST 8, 2002**