



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

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**STATE OF OHIO**



**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

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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 (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 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 and reserves for encumbrances of the Township 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 our report dated April 1, 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.

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

April 1, 2002

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$70,517	\$89,625		\$160,142
Intergovernmental	54,905	76,301	\$38,635	169,841
Tax Abatement Revenue	4,736			4,736
Charges for Services	2,394	5,249		7,643
Licenses, Permits, and Fees	10	3,215		3,225
Earnings on Investments	16,472	5,634		22,106
Other Revenue	1,448	925		2,373
	<u>150,482</u>	<u>180,949</u>	<u>38,635</u>	<u>370,066</u>
<b>Total Cash Receipts</b>				
	<u>150,482</u>	<u>180,949</u>	<u>38,635</u>	<u>370,066</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	100,040	1,488		101,528
Public Safety	7,587			7,587
Public Works	94	151,679		151,773
Health	826	150		976
Capital Outlay	625	77,909	38,635	117,169
	<u>109,172</u>	<u>231,226</u>	<u>38,635</u>	<u>379,033</u>
<b>Total Cash Disbursements</b>				
	<u>109,172</u>	<u>231,226</u>	<u>38,635</u>	<u>379,033</u>
Total Receipts Over/(Under) Disbursements	41,310	(50,277)		(8,967)
Fund Cash Balances, January 1	164,707	404,735		569,442
<b>Fund Cash Balances, December 31</b>	<u><b>\$206,017</b></u>	<u><b>\$354,458</b></u>		<u><b>\$560,475</b></u>
Reserve for Encumbrances, December 31	<u>\$505</u>	<u>\$650</u>		<u>\$1,155</u>

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

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$65,982	\$86,115	\$152,097
Intergovernmental	80,700	74,671	155,371
Tax Abatement Revenue	4,698		4,698
Charges for Services		5,249	5,249
Licenses, Permits, and Fees	3,259		3,259
Fines, Forfeitures, and Penalties		2,800	2,800
Earnings on Investments	15,068	7,510	22,578
	<u>169,707</u>	<u>176,345</u>	<u>346,052</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	79,297	2,886	82,183
Public Safety	4,264		4,264
Public Works	95	53,051	53,146
Health	835	3,014	3,849
Capital Outlay	14,152	3,500	17,652
	<u>98,643</u>	<u>62,451</u>	<u>161,094</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over Disbursements</b>			
	<u>71,064</u>	<u>113,894</u>	<u>184,958</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Fixed Assets		17,800	17,800
Transfers-In		3,000	3,000
Transfers-Out	(3,000)		(3,000)
	<u>(3,000)</u>	<u>20,800</u>	<u>17,800</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements			
	68,064	134,694	202,758
Fund Cash Balances, January 1			
	<u>96,643</u>	<u>270,041</u>	<u>366,684</u>
<b>Fund Cash Balances, December 31</b>			
	<u>\$164,707</u>	<u>\$404,735</u>	<u>\$569,442</u>
Reserve for Encumbrances, December 31			
	<u>\$453</u>	<u>\$136,620</u>	<u>\$137,073</u>

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



**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**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 government 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**

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. STAR Ohio is recorded at share values reported by the State treasurer.

**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:

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

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

**3. Capital Project Funds**

These funds are 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 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 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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:

	2001	2000
Demand deposits	\$248,531	\$490,818
Certificates of deposit		78,624
Total deposits	248,531	569,442
STAR Ohio	311,944	
Total deposits and investments	\$560,475	\$569,442

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

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,460	\$150,482	(\$9,978)
Special Revenue	174,064	180,949	6,885
Capital Projects	38,635	38,635	
Total	\$373,159	\$370,066	(\$3,093)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$325,153	\$109,677	\$215,476
Special Revenue	578,878	231,876	347,002
Capital Projects	38,635	38,635	
Total	\$942,666	\$380,188	\$562,478

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,275	\$169,707	\$36,432
Special Revenue	171,450	197,145	25,695
Total	<u>\$304,725</u>	<u>\$366,852</u>	<u>\$62,127</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$173,000	\$102,096	\$70,904
Special Revenue	404,970	199,071	205,899
Total	<u>\$577,970</u>	<u>\$301,167</u>	<u>\$276,803</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.

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 employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**OTTAWA TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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:

- Legal Liability;
- Automobile liability and physical damage;
- Wrongful acts; and
- Property coverage.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2000</u>	<u>1999</u>
Cash and investments	\$22,684,383	\$18,172,222
Actuarial liabilities	\$8,924,977	\$5,947,013

The Township also provides health and dental 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 (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 1, 2002. 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*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated April 1, 2002.

**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.

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.

**Jim Petro**  
Auditor of State

April 1, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

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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  
MAY 9, 2002**