



**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



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

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**STATE OF OHIO**



WHETSTONE TOWNSHIP  
CRAWFORD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	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, 2001 .....	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, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	14

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## REPORT OF INDEPENDENT ACCOUNTANTS

Whetstone Township  
Crawford County  
4321 Crestline Road  
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Whetstone Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2001, and December 31, 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 of the Township as of December 31, 2001, and December 31, 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 January 11, 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 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

January 11, 2002

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**WHETSTONE TOWNSHIP  
CRAWFORD 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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$22,626	\$124,180	\$0	\$146,806
Intergovernmental	69,318	76,380	0	145,698
Licenses, Permits, and Fees	800	10,756	350	11,906
Earnings on Investments	4,634	1,395	2,477	8,506
Other Revenue	838	14,378	0	15,216
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	98,216	227,089	2,827	328,132
<b>Cash Disbursements:</b>				
Current:				
General Government	59,774	20,915	1,450	82,139
Public Safety	0	22,660	0	22,660
Public Works	1,174	150,098	0	151,272
Health	1,250	0	0	1,250
Capital Outlay	0	12,130	0	12,130
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	62,198	205,803	1,450	269,451
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	36,018	21,286	1,377	58,681
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	1,085	0	1,085
Advances-In	0	2,000	0	2,000
Transfers-Out	(1,085)	0	0	(1,085)
Advances-Out	(2,000)	0	0	(2,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,085)	3,085	0	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	32,933	24,371	1,377	58,681
Fund Cash Balances, January 1, 2001	<hr/>	<hr/>	<hr/>	<hr/>
	11,868	117,141	60,996	190,005
<b>Fund Cash Balances, December 31, 2001</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$44,801</b>	<b>\$141,512</b>	<b>\$62,373</b>	<b>\$248,686</b>

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

**WHETSTONE TOWNSHIP  
CRAWFORD 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, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Non-Expendable Trust Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$20,648	\$115,545	\$0	\$0	\$136,193
Intergovernmental	38,266	75,446	13,500	0	127,212
Licenses, Permits, and Fees	750	30,904	0	0	31,654
Earnings on Investments	5,822	1,468	0	3,484	10,774
Other Revenue	1,669	743	0	0	2,412
	<u>67,155</u>	<u>224,106</u>	<u>13,500</u>	<u>3,484</u>	<u>308,245</u>
<b>Total Cash Receipts</b>					
	<u>67,155</u>	<u>224,106</u>	<u>13,500</u>	<u>3,484</u>	<u>308,245</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	67,626	20,296	0	1,344	89,266
Public Safety	0	18,539	0	0	18,539
Public Works	1,073	141,225	0	0	142,298
Health	1,850	0	0	0	1,850
Capital Outlay	0	4,680	13,500	0	18,180
	<u>70,549</u>	<u>184,740</u>	<u>13,500</u>	<u>1,344</u>	<u>270,133</u>
<b>Total Cash Disbursements</b>					
	<u>70,549</u>	<u>184,740</u>	<u>13,500</u>	<u>1,344</u>	<u>270,133</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(3,394)</u>	<u>39,366</u>	<u>0</u>	<u>2,140</u>	<u>38,112</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Fixed Assets	0	0	0	5,462	5,462
Transfers-In	0	2,000	0	0	2,000
Transfers-Out	(2,000)	0	0	0	(2,000)
	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>	<u>5,462</u>	<u>5,462</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>	<u>5,462</u>	<u>5,462</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(5,394)</u>	<u>41,366</u>	<u>0</u>	<u>7,602</u>	<u>43,574</u>
<b>Fund Cash Balances, January 1, 2000</b>	<u>17,262</u>	<u>75,775</u>	<u>0</u>	<u>53,394</u>	<u>146,431</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u><u>\$11,868</u></u>	<u><u>\$117,141</u></u>	<u><u>\$0</u></u>	<u><u>\$60,996</u></u>	<u><u>\$190,005</u></u>

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



**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Whetstone Township, Crawford County, Ohio (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 contracts with the Village of North Robinson 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**

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at share values reported by the State Treasurer.

Investments are included in fund cash balances. 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 and Township landfill fees, to construct, maintain and repair Township roads and bridges.

**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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 construct, maintain and repair Township roads.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund:

**Public Works Project** -(Issue II Fund) - The Township received a grant from the State of Ohio for the Road Project in 2000.

**4. Fiduciary Funds-Non-Expendable Trust Funds**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Funds:

**Walton Cemetery Non-expendable Trust Fund** - This fund is established for maintenance of the Walton Cemetery.

**Kile Cemetery Non-expendable Trust Fund** - This fund is established for maintenance of the Kile Cemetery.

**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. 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.

**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

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

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

**E. Budgetary Process (Continued)**

**3. Encumbrances (Continued)**

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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investment 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
Deposits	\$12,005	\$11,809
STAR Ohio	<u>236,681</u>	<u>178,196</u>
Total deposits and investments	<u>\$248,686</u>	<u>\$190,005</u>

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

**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 ended December 31, 2001, and December 31, 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,460	\$98,216	\$42,756
Special Revenue	223,600	228,174	4,574
Non-expendable Trust	<u>2,800</u>	<u>2,827</u>	<u>27</u>
Total	<u>\$281,860</u>	<u>\$329,217</u>	<u>\$47,357</u>

**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,030	\$63,283	\$10,747
Special Revenue	333,531	205,803	127,728
Non-expendable Trust	36,894	1,450	35,444
Total	<u>\$444,455</u>	<u>\$270,536</u>	<u>\$173,919</u>

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,568	\$67,155	\$4,587
Special Revenue	224,087	226,206	2,119
Capital Projects	13,500	13,500	0
Non-expendable Trust	2,550	8,946	6,396
Total	<u>\$302,705</u>	<u>\$315,807</u>	<u>\$13,102</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,556	\$72,549	\$9,007
Special Revenue	275,463	184,740	90,723
Capital Projects	13,500	13,500	0
Non-expendable Trust	10,400	1,344	9,056
Total	<u>\$380,919</u>	<u>\$272,133</u>	<u>\$108,786</u>

**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.

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.

**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

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

The Township's 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. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 to December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

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

Whetstone Township  
Crawford County  
4321 Crestline Road  
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Whetstone Township, Crawford County, Ohio (the Township) as of and for the years ended December 31, 2001, and December 31, 2000, and have issued our report thereon dated January 11, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-40517-001. We also, noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 11, 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. 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 January 11, 2002.

Whetstone Township  
Crawford County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of 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

January 11, 2002



**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2001-40517-001**

**Prevailing Wages**

Ohio Rev. Code Sections 4115.04 and 4115.05 require an entity to obtain the prevailing wages in their area for the project they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure the contractors agree, in the contract, to pay prevailing wages.

The Township did not require the contractor to agree to pay prevailing wages for the 2001 and 2000 road projects. The contracts for these projects were \$95,426 and \$52,321, respectively, and were paid from the Road and Bridge Fund and the Gasoline Tax Fund.

We recommend the Township require contractors to agree to pay prevailing wages for contracts involving labor.

**WHETSTONE TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1999-40517-001	Ohio Rev. Code Sections 4115.04 and 4115.05, Noncompliance with Prevailing Wages for construction projects.	No.	Not Corrected -This citation is being repeated in the current audit period as finding number 2001-40517-001.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WHETSTONE TOWNSHIP**

**CRAWFORD 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  
MARCH 5, 2002**