



**Auditor of State  
Betty Montgomery**



**HOPEWELL TOWNSHIP  
SENECA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Hopewell Township  
Seneca County  
6885 West County Road 18  
Fostoria, Ohio 44830-9344

To the Board of Trustees:

We have audited the accompanying financial statements of Hopewell Township, Seneca County, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 and reserves for encumbrances of Hopewell Township, Seneca County, as of December 31, 2004 and 2003, 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, 2005, 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

This report is intended solely for the information and use of the audit committee, management, and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 31, 2005

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$ 70,975	\$ 135,304		\$ 206,279
Intergovernmental	137,638	99,117	\$ 34,095	270,850
Special Assessments		47		47
Charges for Services	281,226			281,226
Licenses, Permits, and Fees	4,791			4,791
Earnings on Investments	1,241	532		1,773
Other Revenue	7,475	10		7,485
	<u>503,346</u>	<u>235,010</u>	<u>34,095</u>	<u>772,451</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	153,641			153,641
Public Works		165,674		165,674
Health	12,371			12,371
Conservation - Recreation	235,178			235,178
Capital Outlay	32,134	3,500	18,443	54,077
	<u>433,324</u>	<u>169,174</u>	<u>18,443</u>	<u>620,941</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over Disbursements</b>	<u>70,022</u>	<u>65,836</u>	<u>15,652</u>	<u>151,510</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	38,895			38,895
Advances-Out			(38,895)	(38,895)
	<u>38,895</u>		<u>(38,895)</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	108,917	65,836	(23,243)	151,510
Fund Cash Balances, January 1	181,664	70,070	23,243	274,977
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 290,581</u></u>	<u><u>\$ 135,906</u></u>		<u><u>\$ 426,487</u></u>
Reserve for Encumbrances, December 31		<u><u>\$ 645</u></u>		<u><u>\$ 645</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	\$ 1,200
Total Non-Operating Cash Receipts	<u>1,200</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>1,200</u>
Total Non-Operating Cash Disbursements	<u>1,200</u>
Net Receipts Over Disbursements	
Fund Cash Balances, January 1	<u>                    </u>
<b>Fund Cash Balances, December 31</b>	<u><u>                    </u></u>
Reserve for Encumbrances, December 31	<u><u>                    </u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**HOPEWELL TOWNSHIP  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<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	\$ 69,924	\$ 128,908		\$ 198,832
Intergovernmental	82,374	83,544	\$ 42,132	208,050
Special Assessments		4,060		4,060
Charges for Services	266,700			266,700
Licenses, Permits, and Fees	5,737			5,737
Earnings on Investments	2,681	1,149		3,830
Other Revenue	8,054	684		8,738
	<u>435,470</u>	<u>218,345</u>	<u>42,132</u>	<u>695,947</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	161,111			161,111
Public Safety		6,720		6,720
Public Works	35,000	235,474		270,474
Health	12,647			12,647
Conservation - Recreation	245,586			245,586
Capital Outlay	30,984	6,295	57,845	95,124
	<u>485,328</u>	<u>248,489</u>	<u>57,845</u>	<u>791,662</u>
<b>Total Cash Disbursements</b>				
<b>Total Disbursements Over Receipts</b>	<u>(49,858)</u>	<u>(30,144)</u>	<u>(15,713)</u>	<u>(95,715)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	9,301	9,301	38,895	57,497
Advances-Out	(48,196)	(9,301)		(57,497)
	<u>(38,895)</u>		<u>38,895</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(88,753)	(30,144)	23,182	(95,715)
Fund Cash Balances, January 1	270,417	100,214	60	370,691
<b>Fund Cash Balances, December 31</b>	<u>\$ 181,664</u>	<u>\$ 70,070</u>	<u>\$ 23,242</u>	<u>\$ 274,976</u>
Reserve for Encumbrances, December 31				

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Hopewell Township, Seneca County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and street lighting. The Township also owns and operates Meadowbrook Park, which is open to the public. This park includes a swimming pool, campground, picnic shelters, and ballroom facility. The Township contracts with the Bascom Joint Fire District to provide fire 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Fund Accounting**

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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.

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

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Permanent Improvement Fund – This fund received a grant from the State of Ohio to replace life guard equipment at the swimming pool.

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

**4. Fiduciary Funds (Agency Funds)**

This fund accounts for funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Agency Fund – This fund received fire insurance money to held until the property owner cleaned up the damaged property

**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 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 2004 and 2003 budgetary activity appears in Note 3.

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

**E. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2004	2003
Demand deposits	\$ 426,487	\$ 274,976

Deposits are 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, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 455,025	\$ 503,346	\$ 48,321
Special Revenue	248,012	235,010	(13,002)
Capital Projects	35,653	34,095	(1,558)
Total	\$ 738,690	\$ 772,451	\$ 33,761

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 559,888	\$ 433,324	\$ 126,564
Special Revenue	312,412	169,819	142,593
Capital Projects	20,000	18,443	1,557
Total	\$ 892,300	\$ 621,586	\$ 270,714

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 454,545	\$ 435,470	\$ (19,075)
Special Revenue	210,247	218,345	8,098
Capital Projects	58,895	42,132	(16,763)
Agency	1,200	1,200	-
Total	<u>\$ 724,887</u>	<u>\$ 697,147</u>	<u>\$ (27,740)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 617,605	\$ 485,328	\$ 132,277
Special Revenue	285,511	248,489	37,022
Capital Projects	58,955	57,845	1,110
Agency	1,200	1,200	-
Total	<u>\$ 963,271</u>	<u>\$ 792,862</u>	<u>\$ 170,409</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002 (the latest information available):

**HOPEWELL TOWNSHIP  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 27,792,223	\$ 23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained Earnings	<u>\$ 16,000,923</u>	<u>\$ 14,559,524</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 6,791,060	\$ 6,596,996
Liabilities	(750,956)	(1,204,326)
Retained Earnings	<u>\$ 6,040,104</u>	<u>\$ 5,392,670</u>

The Township also provides health insurance through Medical Mutual of Ohio (MMO), Ohio Health Pool.





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Hopewell Township  
Seneca County  
6885 West County Road 18  
Fostoria, Ohio 44830-9344

To the Board of Trustees:

We have audited the accompanying financial statements of Hopewell Township (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 31, 2005. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated March 31, 2005, we reported another matter involving internal control over financial reporting.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated March 31, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Hopewell Township  
Seneca County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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

March 31, 2005



**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**HOPEWELL TOWNSHIP**

**SENECA 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 5, 2005**