



**SANDUSKY TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Sandusky Township
3059 State Route 602
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Sandusky Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 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 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 Sandusky Township, Crawford County, Ohio, as of December 31, 1999, and December 31, 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 February 17, 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 management, the Board of Trustees, and other officials authorized to receive this report under Section 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

February 17, 2000

Sandusky Township

**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>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Taxes	\$2,712	\$8,137	\$10,849
Intergovernmental receipts	44,117	57,675	101,792
Interest	595	1,528	2,123
Miscellaneous	363	0	363
	<u>47,787</u>	<u>67,340</u>	<u>115,127</u>
Total cash receipts			
Cash disbursements:			
General government	15,576	0	15,576
Public safety	10,168	0	10,168
Public works	0	71,101	71,101
Health	1,063	0	1,063
Capital outlay	0	500	500
	<u>26,807</u>	<u>71,601</u>	<u>98,408</u>
Total cash disbursements			
Total cash receipts over/(under) cash disbursements	20,980	(4,261)	16,719
Fund cash balances, January 1	<u>12,424</u>	<u>74,127</u>	<u>86,551</u>
Fund cash balances, December 31	<u>\$33,404</u>	<u>\$69,866</u>	<u>\$103,270</u>
Fund balance reserved for encumbrances	<u>\$595</u>	<u>\$1,090</u>	<u>\$1,685</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**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Taxes	\$2,726	\$8,193	\$10,919
Intergovernmental receipts	17,424	56,080	73,504
Interest	858	2,544	3,402
Miscellaneous	10	0	10
Total cash receipts	<u>21,018</u>	<u>66,817</u>	<u>87,835</u>
Cash disbursements:			
General government	31,905	0	31,905
Public safety	9,788	0	9,788
Public works	0	65,045	65,045
Health	1,460	0	1,460
Capital outlay	0	55,859	55,859
Total cash disbursements	<u>43,153</u>	<u>120,904</u>	<u>164,057</u>
Total cash receipts over/(under) cash disbursements	(22,135)	(54,087)	(76,222)
Fund cash balances, January 1	<u>34,559</u>	<u>128,214</u>	<u>162,773</u>
Fund cash balances, December 31	<u>\$12,424</u>	<u>\$74,127</u>	<u>\$86,551</u>
Fund balance reserved for encumbrances	<u>\$588</u>	<u>\$361</u>	<u>\$949</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sandusky 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 governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Liberty Township to provide fire services and Stofcheck Ambulance Services, Inc., 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 Township maintains its cash in a depository account.

D. 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 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Deposits	\$103,270	\$86,551

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,423	\$47,787	\$29,364
Special Revenue	66,509	67,340	831
Total	<u>\$84,932</u>	<u>\$115,127</u>	<u>\$30,195</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$25,460	\$27,402	(\$1,942)
Special Revenue	145,500	72,691	72,809
Total	<u>\$170,960</u>	<u>\$100,093</u>	<u>\$70,867</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,387	\$21,018	(\$15,369)
Special Revenue	64,299	66,817	2,518
Total	<u>\$100,686</u>	<u>\$87,835</u>	<u>(\$12,851)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,575	\$43,741	\$30,834
Special Revenue	192,800	121,265	71,535
Total	<u>\$267,375</u>	<u>\$165,006</u>	<u>\$102,369</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.

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 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 has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful acts

7. COMPLIANCE

For the year ending December 31, 1998, the Township's general fund actual receipts were less than estimated receipts, thereby reducing available resources below appropriations by \$15,171.

General fund budgetary expenditures exceeded appropriations by \$1,942 in 1999.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.

Expenditures were not always certified by the Clerk prior to the purchase of goods or services.



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

Sandusky Township
3059 State Route 602
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the financial statements of Sandusky Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated February 17, 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40517-001 through 1999-40517-004. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 17, 2000.

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 February 17, 2000.

This report is intended for the information and use of the management and 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

February 17, 2000

SCHEDULE OF FINDINGS

DECEMBER 31, 1999 AND 1998

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1999-40517-001	
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Amended Certificates of Estimated Resources

Ohio Rev. Code Section 5705.36 requires that upon a determination by the fiscal officer of the Township that the revenue collected by the Township will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

For the year ending December 31, 1998, the Township's general fund actual receipts were less than estimated receipts, thereby reducing available resources below the level of appropriations as follows:

1/1/98 Unencumbered Fund Balance	1998 Actual Receipts	1998 Total Actual Resources	1998 Appropriations	Variance
\$38,386	\$21,018	\$59,404	\$74,575	(\$15,171)

We recommend the Township closely monitor its appropriations in respect to its resources.

1999-40517-002	
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Expenditures Exceed Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Budgetary expenditures exceeded appropriations in 1999 as follows:

Fund	Appropriations	Budgetary Expenditures	Variance
General	\$25,460	\$27,402	(\$1,942)

We recommend the Township closely monitor its expenditures in respect to its appropriations.

SCHEDULE OF FINDINGS

**DECEMBER 31, 1999 AND 1998
(Continued)**

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

1999-40517-003	
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Prevailing Wages

Ohio Rev. Code Sections 4115.04 and 4115.05 state the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that 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 that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.

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

1999-40517-004	
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Certification of Funds

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance.

The Township expended funds without obtaining prior certification by the Clerk in 38% of the expenditure transactions tested.

We recommend the Clerk certify all expenditures prior to the purchase of goods or services.



STATE OF OHIO
OFFICE OF THE AUDITOR

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SANDUSKY 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
MAY 2, 2000**