



**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ballville Township
Sandusky County
945 County Road 43
Fremont, Ohio 43420-8812

To the Board of Trustees:

We have audited the accompanying financial statements of Ballville Township, Sandusky County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 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 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, 2000 and 1999, 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 June 14, 2001 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

June 14, 2001

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**BALLVILLE TOWNSHIP
SANDUSKY 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$94,054	\$305,197		\$399,251
Intergovernmental	240,181	115,832	\$24,000	380,013
Special Assessments		140		140
Licenses, Permits, and Fees	6,148	2,289		8,437
Earnings on Investments	14,997	220		15,217
Other Revenue	19,931	219		20,150
	<u>375,311</u>	<u>423,897</u>	<u>24,000</u>	<u>823,208</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	298,872			298,872
Public Safety		113,435		113,435
Public Works		398,048		398,048
Health	80	1,426		1,506
Conservation - Recreation	124,417			124,417
Debt Service:				
Redemption of Principal	2,100			2,100
Interest and Fiscal Charges	8,650			8,650
Capital Outlay	376,396	1,632	24,000	402,028
	<u>810,515</u>	<u>514,541</u>	<u>24,000</u>	<u>1,349,056</u>
Total Cash Disbursements				
Total Receipts (Under) Disbursements	<u>(435,204)</u>	<u>(90,644)</u>		<u>(525,848)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale of Notes	350,000			350,000
Other Sources	367	255		622
	<u>350,367</u>	<u>255</u>		<u>350,622</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(84,837)	(90,389)		(175,226)
Fund Cash Balances, January 1	105,373	354,949		460,322
Fund Cash Balances, December 31	<u>\$20,536</u>	<u>\$264,560</u>		<u>\$285,096</u>
Reserve for Encumbrances, December 31	<u>\$21,400</u>			<u>\$21,400</u>

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

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$92,228	\$299,552		\$391,780
Intergovernmental	243,555	104,030	\$54,451	402,036
Special Assessments		140		140
Licenses, Permits, and Fees	5,701	2,481		8,182
Earnings on Investments	15,306	213		15,519
Other Revenue	9,107	331		9,438
	<u>365,897</u>	<u>406,747</u>	<u>54,451</u>	<u>827,095</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	188,406			188,406
Public Safety		111,315		111,315
Public Works		256,608		256,608
Health	291	1,425		1,716
Conservation - Recreation	77,147			77,147
Capital Outlay	38,539	5,732	54,451	98,722
	<u>304,383</u>	<u>375,080</u>	<u>54,451</u>	<u>733,914</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>61,514</u>	<u>31,667</u>		<u>93,181</u>
Other Financing Receipts:				
Other Sources	5,405	2,315		7,720
	<u>5,405</u>	<u>2,315</u>		<u>7,720</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	66,919	33,982		100,901
Fund Cash Balances, January 1	38,454	320,967		359,421
Fund Cash Balances, December 31	<u>\$105,373</u>	<u>\$354,949</u>		<u>\$460,322</u>
Reserve for Encumbrances, December 31		<u><u>\$37,576</u></u>		<u><u>\$37,576</u></u>

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

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ballville Township, Sandusky 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 governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Ballville Volunteer Fire Department, Green Springs Rural Volunteer Fire Department, and the Old Fort Volunteer Fire Department 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 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

Certificates of deposit are valued at cost.

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.

Fire District Fund - This fund receives property tax money to pay for fire protection services within the Township.

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Capital Project Funds

These funds are 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 project funds:

Issue II Fund - The Township received a grant from the State of Ohio for road work.

Local Transportation Improvement Program (LTIP) Fund - The Township received a grant for road improvements

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 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

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

	2000	1999
Demand deposits	\$134,742	\$58,968
Certificates of deposit	150,354	401,354
Total deposits	\$285,096	\$460,322

Deposits are either 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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$400,194	\$725,678	\$325,484
Special Revenue	411,263	424,152	12,889
Capital Projects	24,000	24,000	
Total	\$835,457	\$1,173,830	\$338,373

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$505,567	\$831,915	(\$326,348)
Special Revenue	765,859	514,541	251,318
Capital Projects	24,000	24,000	
Total	\$1,295,426	\$1,370,456	(\$75,030)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$340,015	\$371,302	\$31,287
Special Revenue	405,012	409,062	4,050
Capital Projects	54,451	54,451	
Total	\$799,478	\$834,815	\$35,337

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$378,469	\$304,383	\$74,086
Special Revenue	725,624	412,656	312,968
Capital Projects	54,451	54,451	
Total	\$1,158,544	\$771,490	\$387,054

The Township did not always request amended certificates of estimated resources in accordance with Ohio Revised Code § 5705.36.

The Township did not always appropriate for expenditures in accordance with Ohio Revised Code § 5705.41(B).

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 payments, 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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$347,900	9%

The General Obligation notes were issued to finance the purchase of land for economic development. The note was issued through the Sandusky County - Seneca County - City of Tiffin Port Authority on behalf of the Township. The Township annually contracts with the Port Authority to pay the obligation. The Township is liable for the yearly contract commitments. The collateral pledged for this note is the land purchased.

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Notes
2001	\$42,998
2002	42,998
2003	42,998
2004	42,998
2005	42,998
Subsequent	422,814
Total	\$637,804

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- General liability and casualty;
- Public official's liability;
- Property coverage; and
- Vehicle.

The Township also provides health insurance coverage to full-time employees through a private carrier.

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

Ballville Township
Sandusky County
945 County Road 43
Fremont, Ohio 43420-8812

To the Board of Trustees:

We have audited the accompanying financial statements of Ballville Township, Sandusky County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 14, 2001. 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 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 2000-40172-001 and 2000-40172-002.

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 June 14, 2001.

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

This report is intended 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

June 14, 2001

**BALLVILLE TOWNSHIP
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40172-001

Noncompliance Citation

Ohio Revised Code § 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Actual Receipts</u>	<u>Variance</u>
2000	General	\$400,194	\$725,678	\$325,484
1999	Gasoline Tax	47,200	44,565	(2,635)

The General Fund variance was a result of the proceeds from a note not being recorded on the Township books. To avoid over/under appropriating, we recommend the Township obtain amended certificates when required.

FINDING NUMBER 2000-40172-002

Noncompliance Citation

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

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
2000	General	\$505,567	\$831,915	(\$326,348)

This variance was the result of the purchase of land paid directly by the bank and not recorded on the Township books. We recommend the Township appropriate sufficient funds for all expenditures.



STATE OF OHIO
OFFICE OF THE AUDITOR

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BALLVILLE TOWNSHIP

SANDUSKY 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
JULY 3, 2001**