



**TOWNSEND TOWNSHIP  
HURON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



**TOWNSEND TOWNSHIP  
HURON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Townsend Township  
Huron County  
2776 U.S. Route 20 East  
Collins, Ohio 44826

To the Board of Trustees:

We have audited the accompanying financial statements of Townsend Township (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 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 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, 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 March 2, 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 audits.

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Report of Independent Accountants  
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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

March 2, 2001

**TOWNSEND TOWNSHIP  
HURON 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>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$31,531	\$57,302				\$88,833
Intergovernmental	38,752	77,000		\$60,269		176,021
Charges for Services	12,723					12,723
Licenses, Permits, and Fees	3,388					3,388
Earnings on Investments	11,684	4,550				16,234
Other Revenue	<u>1,520</u>					<u>1,520</u>
 Total Cash Receipts	 <u>99,598</u>	 <u>138,852</u>		 <u>60,269</u>		 <u>298,719</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	57,410					57,410
Public Safety		14,265				14,265
Public Works	5,816	119,129			\$1,252	126,197
Health	13,669					13,669
Capital Outlay	<u>4,900</u>	<u>6,473</u>		<u>60,269</u>	<u>20,748</u>	<u>92,390</u>
 Total Cash Disbursements	 <u>81,795</u>	 <u>139,867</u>		 <u>60,269</u>	 <u>22,000</u>	 <u>303,931</u>
 Total Receipts Over/(Under) Disbursements	 <u>17,803</u>	 <u>(1,015)</u>			 <u>(22,000)</u>	 <u>(5,212)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In		18,496				18,496
Transfers-Out			(\$18,496)			(18,496)
 Total Other Financing Receipts/(Disbursements)		 <u>18,496</u>	 <u>(18,496)</u>			
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>17,803</u>	 <u>17,481</u>	 <u>(18,496)</u>		 <u>(22,000)</u>	 <u>(5,212)</u>
 Fund Cash Balances, January 1	 <u>121,443</u>	 <u>169,923</u>	 <u>18,496</u>		 <u>22,000</u>	 <u>331,862</u>
 <b>Fund Cash Balances, December 31</b>	 <b><u>\$139,246</u></b>	 <b><u>\$187,404</u></b>				 <b><u>\$326,650</u></b>

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

**TOWNSEND TOWNSHIP  
HURON 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, 1999**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$31,625	\$57,226				\$88,851
Intergovernmental	36,954	78,991			\$22,000	137,945
Charges for Services	10,488					10,488
Licenses, Permits, and Fees	4,010					4,010
Earnings on Investments	8,722	3,059				11,781
Other Revenue	1,040					1,040
	<u>92,839</u>	<u>139,276</u>			<u>22,000</u>	<u>254,115</u>
<b>Total Cash Receipts</b>						
<b>Cash Disbursements:</b>						
Current:						
General Government	62,127					62,127
Public Safety		13,140				13,140
Public Works	4,183	80,906				85,089
Health	7,636					7,636
Capital Outlay	149	15,520				15,669
	<u>74,095</u>	<u>109,566</u>				<u>183,661</u>
<b>Total Cash Disbursements</b>						
Total Receipts Over/(Under) Disbursements	18,744	29,710			22,000	70,454
Fund Cash Balances, January 1	102,699	140,213	\$18,496			261,408
<b>Fund Cash Balances, December 31</b>	<u><b>\$121,443</b></u>	<u><b>\$169,923</b></u>	<u><b>\$18,496</b></u>		<u><b>\$22,000</b></u>	<u><b>\$331,862</b></u>

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



**TOWNSEND TOWNSHIP  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Townsend Township, Huron 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, fire protection and emergency medical 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**

Certificates of deposit are valued at cost.

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.

**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:

**TOWNSEND TOWNSHIP  
HURON COUNTY**

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

*Special Levy Fund* - This fund receives property tax money for maintaining of fire services for the Township.

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund was used to repay an outstanding loan for the purchase of a fire rescue truck. The final payment on the loan was made during 1998.

**4. Capital Project 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 trust funds). The Township had the following significant capital project fund:

*Issue II Fund* - The Township received a grant from the State of Ohio to reconstruct Wakeman Town Line Road 59.

**5. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

*Agency Fund* - The Township was the fiscal agent for an Issue II Project in which four area townships participated. Townsend Township collected funds from the three other townships for their matching portion of the Issue II Project.

**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.

**TOWNSEND TOWNSHIP  
HURON COUNTY**

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

**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.

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.

**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:

	<b>2000</b>	<b>1999</b>
Demand deposits	\$326,650	(\$1,871)
Certificates of deposit	<u>                    </u>	<u>333,733</u>
Total deposits	<u><u>\$326,650</u></u>	<u><u>\$331,862</u></u>

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	\$86,192	\$99,598	\$13,406
Special Revenue	134,126	157,348	23,222
Capital Project	<u>62,000</u>	<u>60,269</u>	<u>(1,731)</u>
Total	<u><u>\$282,318</u></u>	<u><u>\$317,215</u></u>	<u><u>\$34,897</u></u>

**TOWNSEND TOWNSHIP  
HURON COUNTY**

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

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,635	\$81,795	\$125,840
Special Revenue	304,049	139,867	164,182
Debt Service	18,496	18,496	
Capital Projects	62,000	60,269	1,731
Fiduciary	22,000	22,000	
Total	<u>\$614,180</u>	<u>\$322,427</u>	<u>\$291,753</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,140	\$92,839	\$6,699
Special Revenue	135,166	139,276	4,110
Capital Projects	62,000		(62,000)
Fiduciary	22,000	22,000	
Total	<u>\$305,306</u>	<u>\$254,115</u>	<u>(\$51,191)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,839	\$74,095	\$114,744
Special Revenue	275,379	109,566	165,813
Debt Service	18,496		18,496
Capital Projects	62,000		62,000
Fiduciary	22,000	22,000	
Total	<u>\$566,714</u>	<u>\$183,661</u>	<u>\$383,053</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.

**TOWNSEND TOWNSHIP  
HURON COUNTY**

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

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

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Property;
- Liability;
- Wrongful Acts;
- Automobile;
- Inland Marine;
- Fire Vehicle;
- EDP; and
- Accident and Specified Sickness for Emergency Personnel.

The Township also provides health insurance to the trustees and clerk through private carriers.

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

Townsend Township  
Huron County  
2776 U.S. Route 20 East  
Collins, Ohio 44826

To the Board of Trustees:

We have audited the accompanying financial statements of Townsend Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 2, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 March 2, 2001.

Townsend Township  
Huron 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 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

March 2, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**TOWNSEND TOWNSHIP**

**HURON 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  
APRIL 3, 2001**