



**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

**REGULAR AUDIT**

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



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

---

**STATE OF OHIO**



**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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, 2000 .....	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, 1999 .....	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

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Townsend Township  
Sandusky County  
2739 County Road 306  
Vickery, Ohio 43464-9733

To the Board of Trustees:

We have audited the accompanying financial statements of Townsend 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 February 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.

Townsend Township  
Sandusky County  
Report of Independent Accountants  
Page 2

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

February 14, 2001

**TOWNSEND TOWNSHIP  
SANDUSKY 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>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$21,962	\$100,885			\$122,847
Intergovernmental	39,372	78,044	\$41,041		158,457
Special Assessments		1,924			1,924
Licenses, Permits, and Fees		1,045			1,045
Earnings on Investments	942	419	736		2,097
Other Revenue	171	2,085			2,256
	<u>62,447</u>	<u>184,402</u>	<u>41,777</u>		<u>288,626</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	44,760				44,760
Public Safety	1,740	1,425			3,165
Public Works	57	52,145			52,202
Health	2,195	6,019			8,214
Capital Outlay	2,400	71,853	42,091		116,344
	<u>51,152</u>	<u>131,442</u>	<u>42,091</u>		<u>224,685</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>11,295</u>	<u>52,960</u>	<u>(314)</u>		<u>63,941</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		600	10,000		10,600
Transfers-Out	(10,600)				(10,600)
	<u>(10,600)</u>	<u>600</u>	<u>10,000</u>		
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	695	53,560	9,686		63,941
Fund Cash Balances, January 1	<u>6,275</u>	<u>12,179</u>	<u>23,884</u>	<u>\$565</u>	<u>42,903</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$6,970</u></u>	<u><u>\$65,739</u></u>	<u><u>\$33,570</u></u>	<u><u>\$565</u></u>	<u><u>\$106,844</u></u>
Reserve for Encumbrances, December 31		<u><u>\$14,950</u></u>			<u><u>\$14,950</u></u>

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

**TOWNSEND TOWNSHIP  
SANDUSKY 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>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$19,340	\$80,897			\$100,237
Intergovernmental	33,184	65,358	\$27,000		125,542
Special Assessments		1,990			1,990
Licenses, Permits, and Fees		3,475			3,475
Earnings on Investments	1,309	304	557		2,170
Other Revenue	8	3,150			3,158
	<u>53,841</u>	<u>155,174</u>	<u>27,557</u>		<u>236,572</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	46,619				46,619
Public Safety	1,740	1,070			2,810
Public Works	75	114,623			114,698
Health	1,746	5,432			7,178
Capital Outlay	2,400	55,363	34,070		91,833
	<u>52,580</u>	<u>176,488</u>	<u>34,070</u>		<u>263,138</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>1,261</u>	<u>(21,314)</u>	<u>(6,513)</u>		<u>(26,566)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			2,700		2,700
Transfers-Out	(2,700)				(2,700)
Other Uses	14				14
	<u>(2,686)</u>		<u>2,700</u>		<u>14</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(1,425)	(21,314)	(3,813)		(26,552)
Fund Cash Balances, January 1	<u>7,700</u>	<u>33,493</u>	<u>27,697</u>	<u>\$565</u>	<u>69,455</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$6,275</u></u>	<u><u>\$12,179</u></u>	<u><u>\$23,884</u></u>	<u><u>\$565</u></u>	<u><u>\$42,903</u></u>
Reserve for Encumbrances, December 31					

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



**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Townsend 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 Townsend Township Volunteer Fire Department, Inc. 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**

The Township maintains cash balances in two savings accounts and one Now 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.

**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

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

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

Fire Fund - This fund receives property tax money for the fire department.

**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 to replace a culvert on Any Avenue.

Local Transportation Improvement Program (LTIP) Fund - This fund receives grant money for road improvements.

**4. 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:

Cemetery Bequest Fund - This fund receives estate money for the care and upkeep of specific cemetery lots.

**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.

**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

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

**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.

**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:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$106,844</u>	<u>\$42,903</u>

**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 at December 31, 2000.

**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	\$58,954	\$62,447	\$3,493
Special Revenue	169,319	185,002	15,683
Capital Projects	<u>41,043</u>	<u>51,777</u>	<u>10,734</u>
Total	<u>\$269,316</u>	<u>\$299,226</u>	<u>\$29,910</u>

**TOWNSEND TOWNSHIP  
SANDUSKY 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	\$63,973	\$61,752	\$2,221
Special Revenue	177,014	146,392	30,622
Capital Projects	41,043	42,091	(1,048)
Total	<u>\$282,030</u>	<u>\$250,235</u>	<u>\$31,795</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,081	\$53,855	(\$3,226)
Special Revenue	160,029	155,174	(4,855)
Capital Projects	27,000	30,257	3,257
Fiduciary	15	0	(15)
Total	<u>\$244,125</u>	<u>\$239,286</u>	<u>(\$4,839)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,709	\$55,280	\$6,429
Special Revenue	188,419	176,488	11,931
Capital Projects	52,000	34,070	17,930
Total	<u>\$302,128</u>	<u>\$265,838</u>	<u>\$36,290</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.

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.

**TOWNSEND TOWNSHIP  
SANDUSKY COUNTY**

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

**5. RETIREMENT SYSTEMS**

The Township's full-time 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.

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, 2000.

**6. RISK MANAGEMENT**

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

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

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

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Townsend Township  
Sandusky County  
2739 County Road 306  
Vickery, Ohio 43464-9733

To the Board of Trustees:

We have audited the accompanying financial statements of Townsend 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 February 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 14, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 14, 2001.

Townsend 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 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

February 14, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**TOWNSEND 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  
MARCH 6, 2001**