



**WAKEMAN TOWNSHIP
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**WAKEMAN TOWNSHIP
HURON COUNTY**

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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

Wakeman Township
Huron County
Pearl Street
Wakeman, Ohio 44889-8812

To the Board of Trustees:

We have audited the accompanying financial statements of Wakeman Township, Huron 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 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 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 March 16, 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.

Wakeman Township
Huron County
Report of Independent Accountants
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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

March 16, 2001

**WAKEMAN 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$21,720	\$49,322			\$71,042
Intergovernmental	47,180	67,367	\$60,269		174,816
Licenses, Permits, and Fees	6,654				6,654
Earnings on Investments	3,619	588		\$237	4,444
Other Revenue		2,125			2,125
Total Cash Receipts	<u>79,173</u>	<u>119,402</u>	<u>60,269</u>	<u>237</u>	<u>259,081</u>
Cash Disbursements:					
Current:					
General Government	42,757				42,757
Public Safety	1,300				1,300
Public Works	15,947	101,094			117,041
Health	10,172	1,230			11,402
Capital Outlay	2,788		60,269		63,057
Total Cash Disbursements	<u>72,964</u>	<u>102,324</u>	<u>60,269</u>		<u>235,557</u>
Total Receipts Over/(Under) Disbursements	<u>6,209</u>	<u>17,078</u>		<u>237</u>	<u>23,524</u>
Other Financing Receipts:					
Sale of Fixed Assets	4,124				4,124
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	10,333	17,078		237	27,648
Fund Cash Balances, January 1	<u>58,190</u>	<u>82,412</u>		<u>1,210</u>	<u>141,812</u>
Fund Cash Balances, December 31	<u>\$68,523</u>	<u>\$99,490</u>		<u>\$1,447</u>	<u>\$169,460</u>
Reserve for Encumbrances, December 31		<u>\$5,500</u>			<u>\$5,500</u>

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

**WAKEMAN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$21,745	\$50,517		\$72,262
Intergovernmental	46,082	66,790		112,872
Licenses, Permits, and Fees	5,750			5,750
Earnings on Investments	2,923	388	\$56	3,367
Other Revenue		688		688
	<u>76,500</u>	<u>118,383</u>	<u>56</u>	<u>194,939</u>
Total Cash Receipts				
	<u>76,500</u>	<u>118,383</u>	<u>56</u>	<u>194,939</u>
Cash Disbursements:				
Current:				
General Government	39,723			39,723
Public Safety	1,289			1,289
Public Works	30,879	99,550		130,429
Health	9,482	999	43	10,524
	<u>81,373</u>	<u>100,549</u>	<u>43</u>	<u>181,965</u>
Total Cash Disbursements				
	<u>81,373</u>	<u>100,549</u>	<u>43</u>	<u>181,965</u>
Total Receipts Over/(Under) Disbursements	<u>(4,873)</u>	<u>17,834</u>	<u>13</u>	<u>12,974</u>
Other Financing Receipts:				
Other Sources	<u>2,960</u>			<u>2,960</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(1,913)	17,834	13	15,934
Fund Cash Balances, January 1	<u>60,103</u>	<u>64,578</u>	<u>1,197</u>	<u>125,878</u>
Fund Cash Balances, December 31	<u>\$58,190</u>	<u>\$82,412</u>	<u>\$1,210</u>	<u>\$141,812</u>
Reserve for Encumbrances, December 31	<u>\$35</u>	<u>\$14</u>		<u>\$49</u>

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

**WAKEMAN TOWNSHIP
HURON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wakeman 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 and cemetery maintenance.

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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

**WAKEMAN TOWNSHIP
HURON COUNTY**

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

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.

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following capital project fund during fiscal year 2000:

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

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 fiduciary fund:

Hintz Bequest Fund - The fund receives interest on the corpus of the bequest. The purpose for which this money can be used is restricted to cemetery maintenance costs.

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.

**WAKEMAN 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 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.

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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$123,591	\$98,867
Certificates of deposit	<u>1,236</u>	<u>1,000</u>
Total deposits	124,827	99,867
STAR Ohio	<u>44,633</u>	<u>41,945</u>
Total deposits and investments	<u><u>\$169,460</u></u>	<u><u>\$141,812</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**WAKEMAN TOWNSHIP
HURON COUNTY**

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

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	\$81,654	\$83,297	\$1,643
Special Revenue	120,426	119,402	(1,024)
Capital Projects		60,269	60,269
Fiduciary	63	237	174
Total	\$202,143	\$263,205	\$61,062

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,835	\$72,964	\$66,871
Special Revenue	202,262	107,824	94,438
Capital Projects		60,269	(60,269)
Fiduciary	1,000		1,000
Total	\$343,097	\$241,057	\$102,040

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,288	\$79,460	\$31,172
Special Revenue	110,522	118,383	7,861
Fiduciary	62	56	(6)
Total	\$158,872	\$197,899	\$39,027

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,390	\$81,408	\$26,982
Special Revenue	173,097	100,563	72,534
Fiduciary	1,000	43	957
Total	\$282,487	\$182,014	\$100,473

**WAKEMAN TOWNSHIP
HURON COUNTY**

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

Expenditures in excess of appropriations and receipts in excess of projected revenues in fiscal year 2000 were due to the recording of on-behalf payments associated with an Issue II road project within the Township during the year. These payments are made by the State of Ohio directly to the vendors completing the project and were not included in the Township's appropriations or budgeted receipts.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained insurance coverage through the Ohio Township Association Risk Management Authority for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Public officials.

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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**

Wakeman Township
Huron County
Pearl Street
Wakeman, Ohio 44889-8812

To the Board of Trustees:

We have audited the accompanying financial statements of Wakeman Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 16, 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 a certain immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated March 16, 2001.

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 the management of the Township in a separate letter dated March 16, 2001.

Wakeman 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 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

March 16, 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

WAKEMAN 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 10, 2001**