



**HOPEWELL TOWNSHIP
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

HOPEWELL TOWNSHIP
SENECA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hopewell Township
Seneca County
6885 West County Road 18
Fostoria, Ohio 44830

To the Board of Trustees:

We have audited the accompanying financial statements of Hopewell Township, Seneca 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 March 22, 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

March 22, 2001

**HOPEWELL TOWNSHIP
SENECA 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	\$69,824	\$105,564		\$175,388
Intergovernmental	68,322	78,628	\$120,000	266,950
Licenses, Permits, and Fees	6,154			6,154
Earnings on Investments	11,098	4,756		15,854
Other Revenue	255,112	5,000		260,112
	<u>410,510</u>	<u>193,948</u>	<u>120,000</u>	<u>724,458</u>
Total Cash Receipts				
	<u>410,510</u>	<u>193,948</u>	<u>120,000</u>	<u>724,458</u>
Cash Disbursements:				
Current:				
General Government	109,889			109,889
Public Works	4,500	168,155		172,655
Health	11,251			11,251
Conservation - Recreation	209,383			209,383
Capital Outlay	26,073	54,171	105,029	185,273
	<u>361,096</u>	<u>222,326</u>	<u>105,029</u>	<u>688,451</u>
Total Cash Disbursements				
	<u>361,096</u>	<u>222,326</u>	<u>105,029</u>	<u>688,451</u>
Total Receipts Over/(Under) Disbursements	49,414	(28,378)	14,971	36,007
Fund Cash Balances, January 1	195,431	101,890	21,040	318,361
Fund Cash Balances, December 31	<u>\$244,845</u>	<u>\$73,512</u>	<u>\$36,011</u>	<u>\$354,368</u>
Reserve for Encumbrances, December 31	<u>\$23,789</u>			<u>\$23,789</u>

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

**HOPEWELL TOWNSHIP
SENECA 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	\$64,848	\$103,090		\$167,938
Intergovernmental	35,697	76,304	\$116,862	228,863
Special Assessments		392		392
Licenses, Permits, and Fees	2,525			2,525
Earnings on Investments	10,200	3,400		13,600
Other Revenue	<u>263,725</u>	<u>1,690</u>	<u>8,342</u>	<u>273,757</u>
 Total Cash Receipts	 <u>376,995</u>	 <u>184,876</u>	 <u>125,204</u>	 <u>687,075</u>
Cash Disbursements:				
Current:				
General Government	112,262			112,262
Public Safety		10,183		10,183
Public Works	26,123	174,649		200,772
Health	11,470			11,470
Conservation - Recreation	197,165			197,165
Capital Outlay	<u>7,847</u>	<u>4,606</u>	<u>96,072</u>	<u>108,525</u>
 Total Cash Disbursements	 <u>354,867</u>	 <u>189,438</u>	 <u>96,072</u>	 <u>640,377</u>
 Total Receipts Over/(Under) Disbursements	 <u>22,128</u>	 <u>(4,562)</u>	 <u>29,132</u>	 <u>46,698</u>
Other Financing Receipts/(Disbursements):				
Advances-In	8,342			8,342
Advances-Out			(8,342)	(8,342)
 Total Other Financing Receipts/(Disbursements)	 <u>8,342</u>		 <u>(8,342)</u>	
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 30,470	 (4,562)	 20,790	 46,698
 Fund Cash Balances, January 1	 <u>164,961</u>	 <u>106,452</u>	 <u>250</u>	 <u>271,663</u>
 Fund Cash Balances, December 31	 <u>\$195,431</u>	 <u>\$101,890</u>	 <u>\$21,040</u>	 <u>\$318,361</u>
 Reserve for Encumbrances, December 31	 <u>\$4,423</u>	 <u>\$58,179</u>		 <u>\$62,602</u>

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

**HOPEWELL TOWNSHIP
SENECA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hopewell Township, Seneca 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 maintenance and street lighting. The Township also owns and operates Meadowbrook Park, which is open to the public. This park includes a swimming pool, campground, picnic shelters and a ballroom facility.

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 investment in the Repurchase Agreement (Sweep Account) is 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.

**HOPEWELL TOWNSHIP
SENECA 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 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 fund:

Miscellaneous Capital Projects Fund - The Township received capital improvement grants from the State of Ohio to renovate and repair the Meadowbrook Park Ballroom .

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.

**HOPEWELL TOWNSHIP
SENECA COUNTY**

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

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	\$12,593	\$7,682
Repurchase Agreement (Sweep Account)	<u>341,775</u>	<u>310,679</u>
Total deposits and investments	<u><u>\$354,368</u></u>	<u><u>\$318,361</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase Agreement (Sweep Account) is used as an overnight investment with Fifth Third Bank, the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. The repurchase agreement consists of uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name.

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	\$359,652	\$410,510	\$50,858
Special Revenue	196,649	193,948	(2,701)
Capital Projects	<u>120,000</u>	<u>120,000</u>	
Total	<u><u>\$676,301</u></u>	<u><u>\$724,458</u></u>	<u><u>\$48,157</u></u>

**HOPEWELL TOWNSHIP
SENECA 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	\$555,023	\$384,885	\$170,138
Special Revenue	298,360	222,326	76,034
Capital Projects	141,040	105,029	36,011
Total	<u>\$994,423</u>	<u>\$712,240</u>	<u>\$282,183</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$349,697	\$376,995	\$27,298
Special Revenue	193,890	184,876	(9,014)
Capital Projects	138,372	125,204	(13,168)
Total	<u>\$681,959</u>	<u>\$687,075</u>	<u>\$5,116</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$522,992	\$359,290	\$163,702
Special Revenue	300,308	247,617	52,691
Capital Projects	130,280	96,072	34,208
Total	<u>\$953,580</u>	<u>\$702,979</u>	<u>\$250,601</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 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.

**HOPEWELL TOWNSHIP
SENECA COUNTY**

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

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. 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 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 is a member of the Ohio Township Association Risk Management Authority Pool (the 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;
- Vehicle; and
- Wrongful Acts coverage.

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***

Hopewell Township
Seneca County
6885 West County Road 18
Fostoria, Ohio 44830

To the Board of Trustees:

We have audited the accompanying financial statements of Hopewell Township, Seneca County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 22, 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 March 22, 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.

Hopewell Township
Seneca County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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 22, 2001



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JIM PETRO, AUDITOR OF STATE

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HOPEWELL TOWNSHIP

SENECA 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 17, 2001**