



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

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**STATE OF OHIO**



FREEDOM TOWNSHIP  
WOOD COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Freedom Township  
Wood County  
198 Water Street  
P.O. Box 796  
Pemberville, Ohio 43450-0796

To the Board of Trustees:

We have audited the accompanying financial statements of Freedom Township, Wood 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 May 4, 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 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

May 4, 2001

**FREEDOM TOWNSHIP  
WOOD 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$38,788	\$200,274	\$239,062
Intergovernmental	60,049	119,232	179,281
Charges for Services		34,207	34,207
Licenses, Permits, and Fees	2,255	4,740	6,995
Earnings on Investments	6,710	8,254	14,964
Other Revenue	9,586	9,371	18,957
	<u>117,388</u>	<u>376,078</u>	<u>493,466</u>
<b>Total Cash Receipts</b>			
	<u>117,388</u>	<u>376,078</u>	<u>493,466</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	85,007	8,246	93,253
Public Safety	310	170,090	170,400
Public Works		89,930	89,930
Health	3,850	7,558	11,408
Debt Service:			
Redemption of Principal		17,905	17,905
Interest and Fiscal Charges		1,967	1,967
Capital Outlay	8,094	69,928	78,022
	<u>97,261</u>	<u>365,624</u>	<u>462,885</u>
<b>Total Cash Disbursements</b>			
	<u>97,261</u>	<u>365,624</u>	<u>462,885</u>
<b>Total Receipts Over Disbursements</b>	<u>20,127</u>	<u>10,454</u>	<u>30,581</u>
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets		11,000	11,000
		<u>11,000</u>	<u>11,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	20,127	21,454	41,581
<b>Fund Cash Balances, January 1</b>	<u>47,582</u>	<u>166,304</u>	<u>213,886</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$67,709</u></u>	<u><u>\$187,758</u></u>	<u><u>\$255,467</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$15</u></u>	<u><u>\$647</u></u>	<u><u>\$662</u></u>

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

**FREEDOM TOWNSHIP  
WOOD 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$31,212	\$71,052	\$102,264
Intergovernmental	43,751	85,024	128,775
Charges for Services		46,075	46,075
Licenses, Permits, and Fees	2,150	9,830	11,980
Earnings on Investments	5,167	3,138	8,305
Other Revenue		9,560	9,560
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	82,280	224,679	306,959
<b>Cash Disbursements:</b>			
Current:			
General Government	95,864		95,864
Public Safety	310	49,902	50,212
Public Works		73,663	73,663
Health	1,465	12,328	13,793
Capital Outlay		64,515	64,515
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	97,639	200,408	298,047
Total Receipts Over/(Under) Disbursements	<hr/> (15,359)	<hr/> 24,271	<hr/> 8,912
<b>Other Financing Receipts:</b>			
Sale of Notes		30,000	30,000
Sale of Fixed Assets		4,500	4,500
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts		34,500	34,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(15,359)	58,771	43,412
Fund Cash Balances, January 1	<hr/> 62,941	<hr/> 107,533	<hr/> 170,474
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$47,582</b>	<hr/> <b>\$166,304</b>	<hr/> <b>\$213,886</b>
Reserve for Encumbrances, December 31	<hr/> <hr/> \$226	<hr/> <hr/> \$456	<hr/> <hr/> \$682

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



**FREEDOM TOWNSHIP  
WOOD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Freedom Township, Wood 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. 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.

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

*Fire and EMS Fund* - This fund receives property tax money for the purchase and maintenance of equipment for the fire department and emergency medical services.

**FREEDOM TOWNSHIP  
WOOD COUNTY**

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

**D. 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.

**E. 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.

**F. 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><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	<u>\$255,467</u>	<u>\$213,886</u>

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

**FREEDOM TOWNSHIP  
WOOD 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	\$98,952	\$117,388	\$18,436
Special Revenue	399,113	387,078	(12,035)
Total	\$498,065	\$504,466	\$6,401

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,881	\$97,276	\$5,605
Special Revenue	404,602	366,271	38,331
Total	\$507,483	\$463,547	\$43,936

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,498	\$82,280	\$2,782
Special Revenue	213,482	259,179	45,697
Total	\$292,980	\$341,459	\$48,479

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,216	\$97,865	\$26,351
Special Revenue	224,184	200,864	23,320
Total	\$348,400	\$298,729	\$49,671

**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.

Public utilities are also taxed on personal and real property located within the Township.

**FREEDOM TOWNSHIP  
WOOD COUNTY**

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

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 Note	\$12,104	5.25%

The general obligation note was issued to finance the purchase of a 1989 Ford mini-pumper. The note is collateralized by the mini-pumper.

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

Year Ending December 31:	General Obligation Note
2001	\$11,156
2002	1,498
Total	\$12,654

**6. RETIREMENT SYSTEM**

The Township's officials and 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, members of PERS 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 (the Authority). The Authority assumes the risk of loss up to the limits of the Township's policy. The Authority may assess supplemental premiums. The following risks are covered by the Authority:

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

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



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

Freedom Township  
Wood County  
198 Water Street  
P.O. Box 796  
Pemberville, Ohio 43450-0796

To the Board of Trustees:

We have audited the accompanying financial statements of Freedom Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 4, 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 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 May 4, 2001.

Freedom Township  
Wood 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

May 4, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FREEDOM TOWNSHIP**

**WOOD 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  
JUNE 7, 2001**