



**DELAWARE TOWNSHIP  
DEFIANCE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



DELAWARE TOWNSHIP  
DEFIANCE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Delaware Township  
Defiance County  
07891 Mulligans Bluff Road  
Defiance, Ohio 43512-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Delaware Township, Defiance 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 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 June 1, 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.

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

June 1, 2001

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**DELAWARE TOWNSHIP  
DEFIANCE 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>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$9,480	\$81,461			\$90,941
Intergovernmental	50,741	95,007			145,748
Charges for Services		4,286			4,286
Licenses, Permits, and Fees	3,150	2,290			5,440
Earnings on Investments	1,808	1,075			2,883
Other Revenue	923	5,520			6,443
	<u>66,102</u>	<u>189,639</u>			<u>255,741</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	52,085			\$220	52,305
Public Safety	2,942	30,163			33,105
Public Works		116,840			116,840
Health	1,377	8,402			9,779
Debt Service:					
Redemption of Principal		37,046	\$100		37,146
Interest and Fiscal Charges		5,983			5,983
	<u>56,404</u>	<u>198,434</u>	<u>100</u>	<u>220</u>	<u>255,158</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,698</u>	<u>(8,795)</u>	<u>(100)</u>	<u>(220)</u>	<u>583</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Other Proceeds from Sale of Public Debt		10,000			10,000
Sale of Fixed Assets		7,425			7,425
		<u>17,425</u>			<u>17,425</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,698	8,630	(100)	(220)	18,008
Fund Cash Balances, January 1	<u>12,150</u>	<u>79,968</u>	<u>100</u>	<u>220</u>	<u>92,438</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$21,848</u></b>	<b><u>\$88,598</u></b>			<b><u>\$110,446</u></b>

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

**DELAWARE TOWNSHIP  
DEFIANCE 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**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Cash Receipts:</b>		
Local Taxes	\$8,790	\$79,968
Intergovernmental	48,397	75,493
Charges for Services		4,212
Licenses, Permits, and Fees	3,135	2,120
Earnings on Investments	2,110	918
Other Revenue	1,568	12,733
Total Cash Receipts	64,000	175,444
<b>Cash Disbursements:</b>		
Current:		
General Government	44,460	
Public Safety	8,762	33,512
Public Works	10,000	107,823
Health		5,848
Debt Service:		
Redemption of Principal	9,000	28,798
Interest and Fiscal Charges		2,105
Capital Outlay	2,000	22,538
Total Cash Disbursements	74,222	200,624
Total Cash Receipts Over/(Under) Cash Disbursements	(10,222)	(25,180)
<b>Other Financing Receipts/(Disbursements):</b>		
Proceeds from Sale of Public Debt:		
Sale of Notes		20,975
Total Other Financing Receipts/(Disbursements)		20,975
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,222)	(4,205)
Fund Cash Balances, January 1	22,372	84,173
<b>Fund Cash Balances, December 31</b>	<b>\$12,150</b>	<b>\$79,968</b>

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



<u>Governmental Fund Types</u>			<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	<u>(Memorandum Only)</u>
			\$88,758
	\$53,242		177,132
			4,212
			5,255
		\$14	3,042
		3	14,304
	<u>53,242</u>	<u>17</u>	<u>292,703</u>
			44,460
			42,274
			117,823
			5,848
\$1,644			39,442
	<u>53,242</u>		2,105
			<u>77,780</u>
<u>1,644</u>	<u>53,242</u>		<u>329,732</u>
<u>(1,644)</u>		<u>17</u>	<u>(37,029)</u>
			<u>20,975</u>
			<u>20,975</u>
(1,644)		17	(16,054)
<u>1,744</u>		<u>203</u>	<u>108,492</u>
<b><u>\$100</u></b>		<b><u>\$220</u></b>	<b><u>\$92,438</u></b>

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**DELAWARE TOWNSHIP  
DEFIANCE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Delaware Township, Defiance 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash 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:

*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.

**DELAWARE TOWNSHIP  
DEFIANCE COUNTY**

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

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*Debt Service Fund* - This fund is used to pay toward the building loan.

**4. 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:

*Issue II Fund* - The Township received a grant from the State of Ohio for work done on Kleinhan Road.

**5. Fiduciary Funds (Trust Fund)**

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 is used for maintenance of the cemetery.

**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.

**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.

**DELAWARE TOWNSHIP  
DEFIANCE 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.

**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:

	<b>2000</b>	<b>1999</b>
Demand deposits	\$85,446	\$67,438
Certificates of deposit	25,000	25,000
Total deposits	\$110,446	\$92,438

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	\$69,305	\$66,102	(\$3,203)
Special Revenue	202,495	207,064	4,569
Debt Service			
Fiduciary			
Total	\$271,800	\$273,166	\$1,366

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,456	\$56,404	\$25,052
Special Revenue	312,426	198,434	113,992
Debt Service	100	100	
Fiduciary	220	220	
Total	\$394,202	\$255,158	\$139,044

**DELAWARE TOWNSHIP  
DEFIANCE COUNTY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,779	\$64,000	\$1,221
Special Revenue	185,927	196,419	10,492
Debt Service			
Capital Projects	44,000	53,242	9,242
Fiduciary		17	17
Total	<u>\$292,706</u>	<u>\$313,678</u>	<u>\$20,972</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,151	\$74,222	\$10,929
Special Revenue	249,124	200,624	48,500
Debt Service	1,744	1,644	100
Capital Projects	44,000	53,242	(9,242)
Fiduciary	203		203
Total	<u>\$380,222</u>	<u>\$329,732</u>	<u>\$50,490</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.

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. DEBT**

Debt outstanding at December 31, 2000, was as follows:

**DELAWARE TOWNSHIP  
DEFIANCE COUNTY**

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

	Principal	Interest Rate
Bank Loan-Fire Township Building	\$40,903	5.25%
Bank Loan-Loader	7,304	6.00%
Bank Loan-Truck	10,075	6.25%
Bank Loan-Tractor	9,031	6.00%
Total	\$67,313	

The bank loans were issued to finance the purchase of a new loader, truck, and tractor to be used for Township road maintenance and for the Township Building. The loans are collateralized by the items purchased.

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

Year ending December 31:	Bank Loans			
	Fire/ Township Building	Loader	Truck	Tractor
2001	\$16,905	\$2,344	\$2,365	\$2,573
2002	16,905	2,344	2,365	2,573
2003	10,527	2,344	2,365	2,573
2004		1,171	2,365	2,569
2005			2,365	
Subsequent				
Total	\$44,337	\$8,203	\$11,825	\$10,288

**6. 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, 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 has obtained commercial insurance for the following risks:

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

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

Delaware Township  
Defiance County  
07891 Mulligans Bluff Road  
Defiance, Ohio 43512-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Delaware Township, Defiance County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 1, 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 June 1, 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 management of the Township in a separate letter dated June 1, 2001.

Delaware Township  
Defiance 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

June 1, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**DELAWARE TOWNSHIP**

**DEFIANCE 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 21, 2001**