



**GROTON TOWNSHIP
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GROTON TOWNSHIP
ERIE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Groton Township
Erie County
9414 Portland Road
Castalia, Ohio 44824-9261

To the Board of Trustees:

We have audited the accompanying financial statements of Groton Township (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 March 9, 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.

Groton Township
Erie County
Report of Independent Accountants
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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

March 9, 2001

**GROTON TOWNSHIP
ERIE 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	\$92,506	\$39,837	\$50,603		\$182,946
Intergovernmental	75,874	63,129	4,301		143,304
Charges for Services	7,600				7,600
Licenses, Permits, and Fees	5,534				5,534
Earnings on Investments	24,001	3,899		\$3	27,903
Other Revenue	21,848	70			21,918
	<u>227,363</u>	<u>106,935</u>	<u>54,904</u>	<u>3</u>	<u>389,205</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	108,720		823		109,543
Public Safety	27,189				27,189
Public Works	593	109,654			110,247
Health	750			12	762
Debt Service:					
Redemption of Principal			19,001		19,001
Interest and Fiscal Charges			4,149		4,149
Capital Outlay	22,167				22,167
	<u>159,419</u>	<u>109,654</u>	<u>23,973</u>	<u>12</u>	<u>293,058</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	67,944	(2,719)	30,931	(9)	96,147
Fund Cash Balances, January 1	212,033	147,434	36,062	568	396,097
Fund Cash Balances, December 31	<u>\$279,977</u>	<u>\$144,715</u>	<u>\$66,993</u>	<u>\$559</u>	<u>\$492,244</u>

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

**GROTON TOWNSHIP
ERIE 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>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$92,040	\$39,271	\$48,686		\$179,997
Intergovernmental	97,524	61,542	4,169		163,235
Charges for Services	2,500				2,500
Licenses, Permits, and Fees	5,101				5,101
Fines, Forfeitures, and Penalties	500				500
Earnings on Investments	9,988	1,358		\$12	11,358
Other Revenue	8,086	5,239			13,325
Total Cash Receipts	<u>215,739</u>	<u>107,410</u>	<u>52,855</u>	<u>12</u>	<u>376,016</u>
Cash Disbursements:					
Current:					
General Government	116,834		378		117,212
Public Safety	34,739				34,739
Public Works	588	113,146			113,734
Health	650			12	662
Debt Service:					
Redemption of Principal			17,642		17,642
Interest and Fiscal Charges			5,508		5,508
Capital Outlay	8,331				8,331
Total Cash Disbursements	<u>161,142</u>	<u>113,146</u>	<u>23,528</u>	<u>12</u>	<u>297,828</u>
Total Receipts Over/(Under) Disbursements	54,597	(5,736)	29,327		78,188
Fund Cash Balances, January 1	157,436	153,170	6,735	568	317,909
Fund Cash Balances, December 31	<u>\$212,033</u>	<u>\$147,434</u>	<u>\$36,062</u>	<u>\$568</u>	<u>\$396,097</u>

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

**GROTON TOWNSHIP
ERIE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Groton Township, Erie 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 and Investments

Certificates of deposit are 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.

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.

**GROTON TOWNSHIP
ERIE COUNTY**

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

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

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project funds:

Fire Truck Levy - This fund receives property tax money to pay for general operation and capital acquisitions of the Township's Fire Department.

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 funds:

Cemetery Trust Fund - This nonexpendable trust fund receives interest on the balance to be used strictly for cemetery expenses.

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.

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.

**GROTON TOWNSHIP
ERIE COUNTY**

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

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	\$365,376	\$279,166
Certificates of deposit	126,868	116,931
Total deposits	\$492,244	\$396,097

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2000, \$55,741 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

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	\$193,960	\$227,363	\$33,403
Special Revenue	1,005	106,935	105,930
Capital Projects	47,935	54,904	6,969
Fiduciary		3	3
Total	\$242,900	\$389,205	\$146,305

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,398	\$159,419	\$68,979
Special Revenue	126,085	109,654	16,431
Capital Projects	57,165	23,973	33,192
Fiduciary	25	12	13
Total	\$411,673	\$293,058	\$118,615

**GROTON TOWNSHIP
ERIE 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	\$180,641	\$215,739	\$35,098
Special Revenue	121,775	107,410	(14,365)
Capital Projects	51,274	52,855	1,581
Fiduciary	50	12	(38)
Total	<u>\$353,740</u>	<u>\$376,016</u>	<u>\$22,276</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,730	\$161,142	\$79,588
Special Revenue	149,834	113,146	36,688
Capital Projects	55,500	23,528	31,972
Fiduciary	37	12	25
Total	<u>\$446,101</u>	<u>\$297,828</u>	<u>\$148,273</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.

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:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes - Fire Truck Tanker	<u>\$63,416</u>	5.25%

**GROTON TOWNSHIP
ERIE COUNTY**

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

The general obligation notes were issued to finance the purchase of a new fire truck tanker was dated October 2, 1998 in the amount of \$100,059. The note will be paid in semiannual installments of \$11,575, including interest.

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

Year ending December 31:	General Obligation Note Tanker
2001	\$23,150
2002	23,150
2003	23,150
Total	<u>\$69,450</u>

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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% of the participants' gross salaries in 2000, and 13.55% of participants' gross salaries for 1999. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township 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:

- Legal Liability - Third Party Claims Coverage;
- Automobile Liability Coverage;
- Wrongful Acts Coverage;
- Automobile Physical Damage; and
- Property Coverage: Building and Contents, Inland Marine.

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

Groton Township
Erie County
9414 Portland Road
Castalia, Ohio 44824-9261

To the Board of Trustees:

We have audited the accompanying financial statements of Groton Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 9, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2000-40522-001.

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 9, 2001.

Groton Township
Erie 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

March 9, 2001

**GROTON TOWNSHIP
ERIE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-40522-001

Noncompliance Citation

Ohio Revised Code § 135.18 states the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

As of December 31, 2000, \$55,741 of the Township funds were not insured or collateralized. The failure to properly monitor pledged collateral could result in a loss of Township funds in the event of a bank failure. The Clerk-Treasurer should monitor pledged collateral to ensure Township funds are adequately secured.



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JIM PETRO, AUDITOR OF STATE

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GROTON TOWNSHIP

ERIE 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**