



**CRANE TOWNSHIP
WYANDOT COUNTY
Regular Audit
For the Years Ended December 2018 and 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Crane Township
P.O. Box 331
Upper Sandusky, OH 43351

We have reviewed the *Independent Auditor's Report* of Crane Township, Wyandot County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Crane Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 9, 2019

This page intentionally left blank.

**CRANE TOWNSHIP
WYANDOT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018	3
Notes to the Financial Statements For the Year Ended December 31, 2018	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017	12
Notes to the Financial Statements For the Year Ended December 31, 2017	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	20
Schedule of Audit Findings	22

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

June 7, 2019

Crane Township
Wyandot County
P.O. Box 331
Upper Sandusky, Ohio 43351

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Crane Township**, Wyandot County, (the Township) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

www.perrycpas.com

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Crane Township, Wyandot County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CRANE TOWNSHIP
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 137,672	\$ 31,386	\$ -	\$ 169,058
Licenses, Permits and Fees	-	45,873	-	45,873
Intergovernmental	44,585	115,166	-	159,751
Earnings on Investments	76	-	-	76
Miscellaneous	9,860	29,879	-	39,739
<i>Total Cash Receipts</i>	<u>192,193</u>	<u>222,304</u>	<u>-</u>	<u>414,497</u>
Cash Disbursements				
Current:				
General Government	87,940	-	-	87,940
Public Safety	15,322	-	-	15,322
Public Works	-	88,113	-	88,113
Health	8,077	92,796	-	100,873
Capital Outlay	208,370	30,001	-	238,371
Debt Service:				
Principal Retirement	29,023	-	1,719	30,742
Interest and Fiscal Charges	431	-	-	431
<i>Total Cash Disbursements</i>	<u>349,163</u>	<u>210,910</u>	<u>1,719</u>	<u>561,792</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(156,970)</u>	<u>11,394</u>	<u>(1,719)</u>	<u>(147,295)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	31,500	-	-	31,500
Other Financing Sources	136,313	-	-	136,313
<i>Total Other Financing Receipts (Disbursements)</i>	<u>167,813</u>	<u>-</u>	<u>-</u>	<u>167,813</u>
<i>Net Change in Fund Cash Balances</i>	10,843	11,394	(1,719)	20,518
<i>Fund Cash Balances, January 1</i>	<u>230,076</u>	<u>124,912</u>	<u>3,963</u>	<u>358,951</u>
Fund Cash Balances, December 31				
Restricted	-	136,306	2,244	138,550
Assigned	60,545	-	-	60,545
Unassigned	180,374	-	-	180,374
<i>Fund Cash Balances, December 31</i>	<u>\$ 240,919</u>	<u>\$ 136,306</u>	<u>\$ 2,244</u>	<u>\$ 379,469</u>

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

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Crane Township, Wyandot County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Upper Sandusky to provide fire services and Emergency Medical Services for ambulance services.

Joint Venture and Public Entity Risk Pool

The Township participates in a Joint Venture and public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

Joint Venture

OPWC Issue 1 Project – The Township joined with the Wyandot County Engineer for the Ohio Public Commission Issue 1 project. The project was to pave one mile of road starting at State Route 53.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The Gas Tax fund accounts for and reports that portion of the State gasoline tax restriction for maintenance and repair of roads within the Township.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The cemetery fund accounts for and reports the collection of funds from openings and closings, the sale of graves, and putting in cemetery foundations that is used in maintaining the cemeteries of the Township.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Issue 1 Projects Fund The township received a grant from the state for capital improvements. The Township transfers money from the General Fund to cover the costs of the debt payments associated with the capital improvement projects. The proceeds are restricted for capital improvement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 approve estimated resources.

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 in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Estimated Receipts	Actual Receipts	Variance
General	\$ 177,250	\$ 360,006	\$ 182,756
Special Revenue	188,500	222,304	33,804
Total	\$ 365,750	\$ 582,310	\$ 216,560

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 216,271	\$ 349,523	\$ (133,252)
Special Revenue	261,387	211,648	49,739
Capital Projects	1,719	1,719	-
Total	\$ 479,377	\$ 562,890	\$ (83,513)

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$292,470
Certificate of Deposit	86,999
Total deposits	\$379,469

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 (the latest information available).

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 6 – Risk Management (Continued)

<u>2018 Contributions to OTARMA</u>
\$9,132

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Seven employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

One of the township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4.0 percent during calendar year 2018.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
45% Public Revenue Share of Rock Run Project	\$ 10,312	0.00%
Dump Truck Capital Lease	107,290	3.85%
Mission Drive Land Loan	31,500	0.04%
Total	<u>\$ 149,102</u>	

In 2004 the Township entered into a cooperative agreement with the city of Upper Sandusky for the Rock Run Road Improvements. The agreement calls for a cost sharing of 45% to the township and 55 5 to the city. A loan was taken out through the Ohio Public Works Commission to help fund the projected 0% interest. The City is invoiced for the total amount of the loan payment, and in turn, invoices the Township for their share. Payments of \$859.50 are due semi-annually for 20 years. This loan is paid out of the Capital Projects Fund.

In 2018 the Township purchased 3.97 acres of adjoining land from United Church Homes for \$63,000. The amount of \$31,500 was paid initially. The balance of \$31,500 plus .04% interest is due by August 1, 2019. This loan is paid out of the General Fund.

In 2018 the Township purchased a 2018 International Dump Truck with plow from Kalida Truck Equipment, Inc. for \$136,313. This is a five-year lease to own contract through Santander. The interest rate is 3.850%. Capital lease payments are paid out of the General Fund.

Amortization

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

Year Ending December 31:	45% Rock Run Project Loan	Dump Truck Capital Lease	Mission Drive Land Loan
2019	\$ 1,719	\$ 29,454	\$ 31,513
2020	1,719	29,454	-
2021	1,719	29,454	-
2022	1,719	29,454	-
2023	1,719	-	-
2024-2029	1,717	-	-
Total	<u>\$ 10,312</u>	<u>\$ 117,816</u>	<u>\$ 31,513</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

Note 11 – Joint Ventures

The Township joined with the Wyandot County Engineer in the Ohio Public Work Commission Issue 1 Project. The low bidder for the Hot Mix Paving was Kokosing Construction Company, Inc. The project was to pave one mile of road starting at State Route 53 to Point one-mile East, being 15 feet wide, and being beamed. The Township's portion of the total project cost is 70% with the remaining 30% of the project cost being fulfilled by grant funds through the OPWC. The Wyandot County Engineer will directly submit payments to the OPWC for their portion on behalf of Crane Township. Crane Township's portion for the project was \$41,630.27.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 65,251	\$ 28,822	\$ -	\$ 94,073
Licenses, Permits and Fees	-	53,064	-	53,064
Intergovernmental	44,275	85,756	17,842	147,873
Earnings on Investments	51	-	-	51
Miscellaneous	140	21,875	-	22,015
<i>Total Cash Receipts</i>	<u>109,717</u>	<u>189,517</u>	<u>17,842</u>	<u>317,076</u>
Cash Disbursements				
Current:				
General Government	72,838	-	-	72,838
Public Safety	14,700	-	-	14,700
Public Works	-	154,072	-	154,072
Health	8,438	88,029	-	96,467
Other	-	39	-	39
Capital Outlay	-	-	17,842	17,842
Debt Service:				
Principal Retirement	-	-	1,719	1,719
<i>Total Cash Disbursements</i>	<u>95,976</u>	<u>242,140</u>	<u>19,561</u>	<u>357,677</u>
<i>Excess of Receipts Over Disbursements</i>	<u>13,741</u>	<u>(52,623)</u>	<u>(1,719)</u>	<u>(40,601)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	5,000	5,000	10,000
Transfers Out	(10,000)	-	-	(10,000)
<i>Total Other Financing Receipts</i>	<u>(10,000)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	3,741	(47,623)	3,281	(40,601)
<i>Fund Cash Balances, January 1</i>	<u>226,335</u>	<u>172,535</u>	<u>682</u>	<u>399,552</u>
Fund Cash Balances, December 31				
Restricted	-	124,912	3,963	128,875
Unassigned	230,076	-	-	230,076
<i>Fund Cash Balances, December 31</i>	<u>\$ 230,076</u>	<u>\$ 124,912</u>	<u>\$ 3,963</u>	<u>\$ 358,951</u>

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

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Crane Township, Wyandot County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Upper Sandusky to provide fire services and Emergency Medical Services for ambulance services.

Joint Venture and Public Entity Risk Pool

The Township participates in a Joint Venture and public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

Joint Venture

OPWC Issue 1 Project – The Township joined with the Wyandot County Engineer for the Ohio Public Commission Issue 1 project. The project was to pave one mile of road starting at State Route 53.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The Gas Tax fund accounts for and reports that portion of the State gasoline tax restriction for maintenance and repair of roads within the Township.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The cemetery fund accounts for and reports the collection of funds from openings and closings, the sale of graves, and putting in cemetery foundations that is used in maintaining the cemeteries of the Township.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Issue 1 Projects Fund The township received a grant from the state for capital improvements. The Township transfers money from the General Fund to cover the costs of the debt payments associated with the capital improvement projects. The proceeds are restricted for capital improvement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 approve estimated resources.

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 in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Estimated Receipts	Actual Receipts	Variance
General	\$ 99,350	\$ 109,717	\$ 10,367
Special Revenue	191,550	194,517	2,967
Capital Projects	22,842	22,842	-
Total	\$ 313,742	\$ 327,076	\$ 13,334

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,660	\$ 105,976	\$ 17,684
Special Revenue	295,339	242,727	52,612
Capital Projects	1,719	19,561	(17,842)
Total	\$ 420,718	\$ 368,264	\$ 52,454

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$271,994
Certificate of Deposit	86,957
Total deposits	\$358,951

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 6 – Risk Management (Continued)

<u>2017 Contributions to OTARMA</u>
\$7,226

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Seven employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Social Security

One of the township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4.0 percent during calendar year 2017.

**CRANE TOWNSHIP
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

Note 9 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
45% Public Revenue Share of Rock Run Project	\$ 12,031	0.00%
Total	\$ 12,031	

In 2004 the Township entered into a cooperative agreement with the city of Upper Sandusky for the Rock Run Road Improvements. The agreement calls for a cost sharing of 45% to the township and 55% to the city. A loan was taken out through the Ohio Public Works Commission to help fund the projected 0% interest. The City is invoiced for the total amount of the loan payment, and in turn, invoices the Township for their share. Payments of \$859.50 are due semi-annually for 20 years. This loan is paid out of the Capital Projects Fund.

Amortization

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

Year Ending December 31:	45% Rock Run Project Loan
2018	\$ 1,719
2019	1,719
2020	1,719
2021	1,719
2022	1,719
2022-2023	3,436
Total	\$ 12,031

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

The Township joined with the Wyandot County Engineer in the Ohio Public Work Commission Issue 1 Project. The low bidder for the Hot Mix Paving was Kokosing Construction Company, Inc. The project was to pave one mile of road starting at State Route 53 to Point one-mile East, being 15 feet wide, and being beamed. The Township's portion of the total project cost is 70% with the remaining 30% of the project cost being fulfilled by grant funds through the OPWC. The Wyandot County Engineer will directly submit payments to the OPWC for their portion on behalf of Crane Township. Crane Township's portion for the project was \$41,630.27.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 7, 2019

Crane Township
Wyandot County
P.O. Box 331
Upper Sandusky, Ohio 43351

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Crane Township**, Wyandot County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 7, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

www.perrycpas.com

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 7, 2019.

Entity's Response to Findings

The Township's response to the finding identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Township's response and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CRANE TOWNSHIP
WYANDOT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2018 and 2017, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- The Motor Vehicle License Tax and Issue 1 Project Fund balances were improperly recorded as Assigned instead of Restricted in 2017;
- State Rollback revenue was improperly recorded as property tax revenue instead of intergovernmental revenue in 2017;
- The receipt of an indirect Ohio Public Works Commission grant was improperly recorded as a Transfer-In and a corresponding Principal Retirement disbursement instead of Intergovernmental revenue and a corresponding Capital Outlay disbursement in 2017.
- The Township improperly recorded subsequent year appropriations in the General Fund that exceeded subsequent year estimated receipts as Unassigned instead of Assigned in 2018;
- The Issue 1 Project Fund balance was improperly recorded as Assigned instead of Restricted in 2018;
- A portion of the General fund balance was improperly recorded as Restricted instead of Assigned in 2018;
- Capital lease proceeds and the corresponding Capital Outlay were not recorded for a newly acquired capital lease in 2018;
- Debt proceeds and the corresponding Capital Outlay were not recorded for newly acquired debt in 2018.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – I have read this and have spoken to the auditor.

OHIO AUDITOR OF STATE KEITH FABER



CRANE TOWNSHIP

WYANDOT 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
AUGUST 22, 2019**