



**EATON TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Eaton Township  
Lorain County  
12043 Avon Belden Road  
Grafton, Ohio 44044

To the Board of Trustees:

We have audited the accompanying financial statements of Eaton Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit 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 audit provides 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 Eaton Township, Lorain County, Ohio, as of December 31, 1999 and December 31, 1998, 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 7, 2000, 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 7, 2000

**Eaton Township**



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$24,928	\$399,783	\$119,299	\$544,010
Intergovernmental	247,974	136,198	20,356	404,528
Special Assessments	0	7,087	0	7,087
Charges for Services	0	1,780	0	1,780
Licenses, Permits, and Fees	15,762	23,375	0	39,137
Earnings on Investments	36,689	1,257	6,221	44,167
Other Revenue	15,989	30,780	5,908	52,677
<b>Total Cash Receipts</b>	<u>341,342</u>	<u>600,260</u>	<u>151,784</u>	<u>1,093,386</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	178,460	0	0	178,460
Public Safety	27	162,883	0	162,910
Public Works	102,639	243,339	0	345,978
Health	13,080	19,456	0	32,536
Conservation - Recreation	10,691	0	0	10,691
Capital Outlay	46,353	17,762	207,872	271,987
<b>Total Cash Disbursements</b>	<u>351,250</u>	<u>443,440</u>	<u>207,872</u>	<u>1,002,562</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(9,908)</u>	<u>156,820</u>	<u>(56,088)</u>	<u>90,824</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	0	0	1,510	1,510
Advances-In	0	377	0	377
Advances-Out	(377)	0	0	(377)
Other Sources	171	0	0	171
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(206)</u>	<u>377</u>	<u>1,510</u>	<u>1,681</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(10,114)</u>	<u>157,197</u>	<u>(54,578)</u>	<u>92,505</u>
<b>Fund Cash Balances, January 1</b>	<u>280,503</u>	<u>171,082</u>	<u>327,913</u>	<u>779,498</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$270,389</u></u>	<u><u>\$328,279</u></u>	<u><u>\$273,335</u></u>	<u><u>\$872,003</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE -  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Agency</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	\$9,584
Total Non-Operating Cash Receipts	9,584
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	5,888
Total Non-Operating Cash Disbursements	5,888
Net Receipts Over (Under) Disbursements	3,696
Fund Balance, January 1	5,224
<b>Fund Balance, December 31</b>	<b>\$8,920</b>

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



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Taxes	\$23,302	\$381,375	\$142,831	\$547,508
Intergovernmental	296,025	105,646	81,188	482,859
Charges for Services	0	1,300	0	1,300
Licenses, Permits, and Fees	27,419	18,942	0	46,361
Earnings on Investments	28,146	1,052	5,141	34,339
Other Revenue	24,188	21,565	2,600	48,353
<b>Total Cash Receipts</b>	<u>399,080</u>	<u>529,880</u>	<u>231,760</u>	<u>1,160,720</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	187,229	3,305	0	190,534
Public Safety	0	126,397	0	126,397
Public Works	62,506	278,267	0	340,773
Health	11,983	103,510	0	115,493
Conservation - Recreation	1,007	0	0	1,007
Capital Outlay	47,758	23,137	159,136	230,031
<b>Total Cash Disbursements</b>	<u>310,483</u>	<u>534,616</u>	<u>159,136</u>	<u>1,004,235</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>88,597</u>	<u>(4,736)</u>	<u>72,624</u>	<u>156,485</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	0	0	16,260	16,260
Transfers-In	12,977	0	0	12,977
Advances-In	0	1,000	0	1,000
Advances-Out	(1,000)	0	0	(1,000)
Other Sources	487	0	0	487
Other Uses	(500)	0	0	(500)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>11,964</u>	<u>1,000</u>	<u>16,260</u>	<u>29,224</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>100,561</u>	<u>(3,736)</u>	<u>88,884</u>	<u>185,709</u>
<b>Fund Cash Balances, January 1</b>	<u>179,942</u>	<u>174,818</u>	<u>239,029</u>	<u>593,789</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$280,503</u></u>	<u><u>\$171,082</u></u>	<u><u>\$327,913</u></u>	<u><u>\$779,498</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE -  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Agency</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	\$7,438
Total Non-Operating Receipts	7,438
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	8,014
Total Non-Operating Cash Disbursements	8,014
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(576)
Transfers - Out	(12,977)
Net Receipts Over (Under) Disbursements	(13,553)
Fund Balance, January 1	18,777
<b>Fund Balance, December 31</b>	<b>\$5,224</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Eaton Township, Lorain County, Ohio, (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, 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**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 is used to account for real and personal property tax money for constructing, maintaining and repairing Township streets.

*Gasoline Tax Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Township streets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire Levy Fund-* This fund is used to defer expenses incurred in the operations of the Township's fire department.

*Fire Department Equipment Levy Fund-* This fund is used to defer expenses incurred in obtaining fire and ambulance equipment.

*Ambulance Levy Fund-* This fund is used to defer expenses incurred in the operations of the Townships's Emergency Medical Services.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds

*Issue II Fund -* The Township received a grant from the State of Ohio to replace culverts on Township streets.

*Permanent Improvement-* This fund is used to account for permanent improvements to the Township

**4. Fiduciary Fund (Agency Fund)**

Funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

*Commercial Building Inspection-* is a fund used to hold and distribute commercial zoning monies

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control for General Fund and fund level for all other funds, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 1999 and 1998 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.

**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>1999</u>	<u>1998</u>
Demand deposits	<u>\$86,403</u>	<u>\$78,560</u>
Total deposits	<u>86,403</u>	<u>78,560</u>
STAR Ohio	<u>794,520</u>	<u>706,162</u>
Total investments	<u>794,520</u>	<u>706,162</u>
Total deposits and investments	<u><u>\$880,923</u></u>	<u><u>\$784,722</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio funds are not evidenced by securities that exist in physical or book-entry form.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$329,903	\$341,513	\$11,610
Special Revenue	612,633	600,260	(12,373)
Capital Projects	153,272	153,294	22
Total	\$1,095,808	\$1,095,067	(\$741)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$610,231	\$351,250	\$258,981
Special Revenue	783,715	443,440	340,275
Capital Projects	481,185	207,872	273,313
Total	\$1,875,131	\$1,002,562	\$872,569

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$411,177	\$412,544	\$1,367
Special Revenue	574,872	529,880	(44,992)
Capital Projects	275,850	248,020	(27,830)
Total	\$1,261,899	\$1,190,444	(\$71,455)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$400,327	\$310,983	\$89,344
Special Revenue	739,057	534,616	204,441
Capital Projects	514,879	159,136	355,743
Total	\$1,654,263	\$1,004,735	\$649,528

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. RETIREMENT SYSTEMS**

The Township's firemen hired after August 3, 1992, contribute to Social Security. Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple - employer plan. The plan provided retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Eaton Township  
Lorain County  
12043 Avon Belden Road  
Grafton, Ohio 44044

To the Board of Trustees:

We have audited the financial statements of Eaton Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 7, 2000. 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 7, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 7, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**EATON TOWNSHIP**

**LORAIN 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 18, 2000**