



**OSNABURG TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

OSNABURG TOWNSHIP
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Osnaburg Township
Stark County
7115 Hillvale Street, SE
East Canton, Ohio 44730

To the Board of Trustees:

We have audited the accompanying financial statements of Osnaburg Township, Stark County, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 8, 2001

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**OSNABURG TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$27,576	\$347,283	\$114,918	\$0	\$0	\$489,777
Charges for Services		15,424				15,424
Licenses, Permits, and Fees	10,189	5,025				15,214
Intergovernmental Receipts	121,780	133,842	13,282			268,904
Interest	21,257	4,606			261	26,124
Other Revenue	739	7,805				8,544
Total Cash Receipts	181,541	513,985	128,200	0	261	823,987
Cash Disbursements:						
Current:						
General Government	106,332					106,332
Public Safety		71,051				71,051
Public Works	17,206	377,125				394,331
Health	12,299	9,651			252	22,202
Capital Outlay	4,500	2,850				7,350
Debt Service:						
Redemption of Principal			93,502			93,502
Interest			13,315			13,315
Total Cash Disbursements	140,337	460,677	106,817	0	252	708,083
Total Cash Receipts Over Cash Disbursements	41,204	53,308	21,383	0	9	115,904
Other Financing Receipts/(Disbursements):						
Transfers-in		15,000		15,000		30,000
Transfers-out		(15,000)		(15,000)		(30,000)
Total other financing receipts/(disbursements)	0	0	0	0	0	0
Excess cash receipts and other financing receipts over cash disbursements and other financing disbursements	41,204	53,308	21,383	0	9	115,904
Fund Cash Balances, January 1	90,779	179,564	15,080	15,000	1,964	302,387
Fund Cash Balances, December 31	\$131,983	\$232,872	\$36,463	\$15,000	\$1,973	\$418,291
Reserve for Encumbrances, December 31	\$463	\$16,332	\$0	\$0	\$0	\$16,795

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

**OSNABURG TOWNSHIP
STARK COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$24,595	\$299,218	\$108,546	\$0	\$0	\$432,359
Charges for Services		11,508				11,508
Licenses, Permits, and Fees	10,101	5,525				15,626
Intergovernmental Receipts	97,949	132,741	13,184			243,874
Interest	13,624	3,325			165	17,114
Other Revenue	4,276	15,786				20,062
Total Cash Receipts	<u>150,545</u>	<u>468,103</u>	<u>121,730</u>	<u>0</u>	<u>165</u>	<u>740,543</u>
Cash Disbursements:						
Current:						
General Government	102,878					102,878
Public Safety		81,636				81,636
Public Works	14,430	321,175				335,605
Health	11,980	5,695			564	18,239
Capital Outlay	10,000	39,937				49,937
Debt Service:						
Redemption of Principal			93,493			93,493
Interest			17,812			17,812
Total Cash Disbursements	<u>139,288</u>	<u>448,443</u>	<u>111,305</u>	<u>0</u>	<u>564</u>	<u>699,600</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>11,257</u>	<u>19,660</u>	<u>10,425</u>	<u>0</u>	<u>(399)</u>	<u>40,943</u>
Other Financing Receipts/(Disbursements):						
Transfers-in				15,000		15,000
Transfers-out		(15,000)				(15,000)
Total other financing receipts/(disbursements)	<u>0</u>	<u>(15,000)</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>
Excess cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	11,257	4,660	10,425	15,000	(399)	40,943
Fund Cash Balances, January 1	79,522	174,904	4,655	0	2,363	261,444
Fund Cash Balances, December 31	<u>\$90,779</u>	<u>\$179,564</u>	<u>\$15,080</u>	<u>\$15,000</u>	<u>\$1,964</u>	<u>\$302,387</u>
Reserve for Encumbrances, December 31	<u>\$21,534</u>	<u>\$35,032</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$56,566</u>

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

**OSNABURG TOWNSHIP
STARK COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - AGENCY FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Other	\$0	\$0
Operating Cash Disbursements:		
Other	0	0
Net Cash Receipts Over Cash Disbursements	0	0
Fund Cash Balances, January 1	27	27
Fund Cash Balances, December 31	\$27	\$27
Reserves for Encumbrances, December 31	\$0	\$0

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

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**OSNABURG TOWNSHIP
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Osnaburg Township, Stark 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 maintenance of Township roads and fire protection and emergency medical services for its residents. Police protection is provided by the Stark County Sheriff's Department under an annual contract.

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

All cash is maintained in an interest bearing checking account. The Township has no investments.

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:

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

Road and Bridge Fund - This fund receives property tax receipts for constructing, maintaining and repairing Township roads and bridges.

**OSNABURG TOWNSHIP
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fire District Fund - This fund receives property tax receipts for maintenance of equipment used by the Volunteer Fire Department and for the salaries of the Fire Chief and Assistant Fire Chief.

3. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, note indebtedness. The Township had the following significant Debt Service Fund:

Debt Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Township's Fire Station construction notes.

4. Capital Projects Fund

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

Capital Projects Fund - This fund is used to accumulate money for the purchase of major equipment on a as needed basis.

5. Fiduciary Funds (Trust and Agency)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. Other trust funds are classified as Expendable. Funds for which the Township is acting in an agency capacity are classified as Agency Funds. The Township had the following significant Fiduciary Funds:

Expendable Trust

Cemetery Ake Fund - This fund is used for cemetery maintenance.

Agency

Unclaimed Money Fund - This fund accounts for receipts held by the Township until claimed by a designated recipient.

**OSNABURG TOWNSHIP
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$418,318</u>	<u>\$302,414</u>

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

**OSNABURG TOWNSHIP
STARK COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,032	\$181,541	\$22,509
Special Revenue	519,620	528,985	9,365
Debt Service	106,868	128,200	21,332
Capital Projects	15,000	15,000	0
Expendable Trust	60	261	201
Agency	0	0	0
Total	<u>\$800,580</u>	<u>\$853,987</u>	<u>\$53,407</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,652	\$140,800	\$88,315
Special Revenue	679,433	492,009	187,424
Debt Service	121,948	106,817	15,131
Capital Projects	15,000	15,000	0
Expendable Trust	2,024	252	1,772
Agency	27	0	27
Total	<u>\$1,047,084</u>	<u>\$754,878</u>	<u>\$292,669</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,986	\$150,545	\$7,559
Special Revenue	493,491	468,103	(25,388)
Debt Service	111,323	121,730	10,407
Capital Projects	0	15,000	15,000
Expendable Trust	93	165	72
Agency	0	0	0
Total	<u>\$747,893</u>	<u>\$755,543</u>	<u>\$7,650</u>

**OSNABURG TOWNSHIP
STARK COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,897	\$160,822	\$48,075
Special Revenue	608,784	498,475	110,309
Debt Service	115,979	111,305	4,674
Capital Projects	0	0	0
Expendable Trust	2,456	564	1,892
Agency	27	0	27
Total	\$936,143	\$771,166	\$164,977

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Fire Station Construction Notes	\$187,004	5%

**OSNABURG TOWNSHIP
STARK COUNTY**

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

5. DEBT (Continued)

The Township has two notes outstanding relating to the construction of a new Township Fire Station. The total to be paid, including interest of \$11,138, is noted below.

<u>Year ending December 31</u>	<u>Construction Notes</u>
2001	\$102,413
2002	<u>95,730</u>
Total	<u><u>\$198,143</u></u>

6. RETIREMENT SYSTEM

The Township's full-time employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries in 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance through Ohio Township Association Risk Management Authority (OTARMA) for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability
- Public officials' liability
- Employers' liability
- Employees benefits liability

The Township also pays a reimbursement amount up to \$600 per month for the health insurance of elected officials and full-time employees.



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

Osnaburg Township
Stark County
7115 Hillvale Street, SE
East Canton, Ohio 44730

To the Board of Trustees:

We have audited the accompanying financial statements of Osnaburg Township, Stark County, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 8, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 8, 2001.

Internal Control Over Financial Reporting

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

However, we noted a matter involving internal controls over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 8, 2001.

Osnaburg Township
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 8, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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OSNABURG TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 5, 2001**