



**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Braceville Township
Trumbull County
3856 State Route 82 SW
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the accompanying financial statements of Braceville Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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 and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 5, 2002 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 audit.

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

Jim Petro
Auditor of State

March 5, 2002

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$73,184	\$160,951	\$28,513	\$262,648
Intergovernmental Receipts	72,225	76,879		149,104
Charges for Services		37,223		37,223
Licenses, Permits, and Fees	8,419	20,203		28,622
Fines, Forfeiture, and Penalties	8,841	363		9,204
Earnings on Investments	7,094	357		7,451
Other Revenue	3,291	22,064		25,355
	<u>173,054</u>	<u>318,040</u>	<u>28,513</u>	<u>519,607</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	115,689			115,689
Public Safety	22,964	126,536		149,500
Public Works		163,568		163,568
Health	5,712	7,617		13,329
Conservation - Recreation	7,925			7,925
Miscellaneous	4,637			4,637
Debt Service:				
Redemption of Principal			22,285	22,285
Interest and Fiscal Charges			6,228	6,228
Capital Outlay	48,332	11,071		59,403
	<u>205,259</u>	<u>308,792</u>	<u>28,513</u>	<u>542,564</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(32,205)</u>	<u>9,248</u>		<u>(22,957)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,412		2,412
Transfers-Out	(2,412)			(2,412)
Other Financing Sources/ (Uses)	(20)	20		
	<u>(2,432)</u>	<u>2,432</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,637)	11,680		(22,957)
Fund Cash Balances, January 1	145,072	197,384		342,456
Fund Cash Balances, December 31	<u>\$110,435</u>	<u>\$209,064</u>		<u>\$319,499</u>
Reserves for Encumbrances, December 31	<u>\$14,062</u>	<u>\$919</u>		<u>\$14,981</u>

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

BRACEVILLE TOWNSHIP
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$88
Operating Cash Disbursements:	
Other	<u>113</u>
Net Receipts (Under) Disbursements	(25)
Fund Cash Balances, January 1	<u>2,534</u>
Fund Cash Balances, December 31	<u><u>\$2,509</u></u>

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

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$74,869	\$166,088	\$29,103	\$270,060
Intergovernmental Receipts	92,993	73,716		166,709
Charges for Services		47,227		47,227
Licenses, Permits, and Fees	7,825	12,856		20,681
Fines, Forfeitures, and Penalties	9,042	50		9,092
Earnings on Investments	11,403	1,142		12,545
Other Revenue	2,175	2,232		4,407
	<u>198,307</u>	<u>303,311</u>	<u>29,103</u>	<u>530,721</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	101,991			101,991
Public Safety		115,043		115,043
Public Works		126,870		126,870
Health	5,834	9,805		15,639
Conservation - Recreation	545			545
Debt Service:				
Redemption of Principal		24,995	21,702	46,697
Interest and Fiscal Charges			7,401	7,401
Capital Outlay	17,360			17,360
	<u>125,730</u>	<u>276,713</u>	<u>29,103</u>	<u>431,546</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>72,577</u>	<u>26,598</u>		<u>99,175</u>
Fund Cash Balances January 1	<u>72,495</u>	<u>170,786</u>		<u>243,281</u>
Fund Cash Balances, December 31	<u>\$145,072</u>	<u>\$197,384</u>		<u>\$342,456</u>
Reserves for Encumbrances, December 31	<u>\$630</u>	<u>\$31,923</u>		<u>\$32,553</u>

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

BRACEVILLE TOWNSHIP
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$96
Operating Cash Disbursements:	
Other	<u>40</u>
Net Receipts (Under) Disbursements	56
Fund Cash Balances, January 1	<u>2,478</u>
Fund Cash Balances, December 31	<u><u>\$2,534</u></u>

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

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Braceville Township, Trumbull County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, police 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

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.

Certificates of deposit are valued at cost. The donated common stock is valued at estimated value at the time of the donation. The investment in the sweep account is recorded at values reported by the bank.

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 Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police Levy Fund - This fund receives property tax money to provide police protection to the residents of the Township.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Debt Fund - This fund receives advances from the general or special revenue funds to accumulate resources for the payment of note indebtedness.

4. Non-Expendable Trust Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Non-expendable Trust Fund:

Braceville Cemetery Fund - This fund must maintain the principal of the trust and can use the interest and dividends to maintain graves.

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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

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 Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$ 18,255	\$ 0
Certificates of deposit	1,725	1,725
Total deposits	19,980	1,725
Sweep Account	301,323	342,560
Goodyear stock	705	705
Total investments	302,028	343,265
Total deposits and investments	\$322,008	\$344,990

At December 31, 2001, the Township held \$705 in equity securities. Such securities are not eligible investments for the Township under Ohio law.

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

Investments: The Township received Goodyear Tire and Rubber Company stock on October 20, 1970, as a bequest from Mr. Edwin G. Templeton. He bequeathed the stock to the Braceville Cemetery Association with the interest from the stock to maintain Templeton Graves in the Braceville Township Cemetery. The stock is in the name of the Braceville Cemetery Association.

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements (sweep account). The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

(Continued)

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,500	\$173,054	(\$32,446)
Special Revenue	340,981	320,472	(20,509)
Debt Service	28,513	28,513	0
Nonexpendable Trust	160	88	(72)
Total	<u>\$575,154</u>	<u>\$522,127</u>	<u>(\$53,027)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$351,181	\$221,753	\$129,428
Special Revenue	570,308	309,711	260,597
Debt Service	28,513	28,513	0
Nonexpendable Trust	263	113	150
Total	<u>\$950,265</u>	<u>\$560,090</u>	<u>\$390,175</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,268	\$198,307	(\$6,961)
Special Revenue	321,137	303,311	(17,826)
Debt Service	29,103	29,103	0
Nonexpendable Trust	160	96	(64)
Total	<u>\$555,668</u>	<u>\$530,817</u>	<u>(\$24,851)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$277,763	\$126,360	\$151,403
Special Revenue	491,923	308,636	183,287
Debt Service	29,103	29,103	0
Nonexpendable Trust	207	40	167
Total	<u>\$798,996</u>	<u>\$464,139</u>	<u>\$334,857</u>

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

(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 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, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes - 1998 Fire Truck	\$96,005	4.98%

The General Obligation notes were issued to finance the purchase of fire trucks to be used by the volunteer fire department. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes- 1998 Fire Truck
2002	\$16,711
2003	16,711
2004	16,711
2005	16,711
2006	16,711
2007	16,711
Total	\$100,266

**BRACEVILLE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

(Continued)

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors, and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



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

Braceville Township
Trumbull County
3856 State Route 82 SW
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the accompanying financial statements of the Braceville Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 5, 2002.

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 5, 2002.

Braceville Township
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 5, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BRACEVILLE TOWNSHIP

TRUMBULL 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
MAY 9, 2002**