



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Edinburg Township
Portage County
5756 Tallmadge Road
Rootstown, OH 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Edinburg 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 May 1, 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 management, the Board 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 1, 2002

**EDINBURG TOWNSHIP
PORTAGE 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$80,878	\$125,331	\$206,209
Intergovernmental	104,824	65,174	169,998
Licenses, Permits, and Fees	10,179		10,179
Earnings on Investments	8,537	3,479	12,016
Other Revenue	12,988	26,750	39,738
	<u>217,406</u>	<u>220,734</u>	<u>438,140</u>
Cash Disbursements:			
Current:			
General Government	115,043		115,043
Public Safety	1,597	54,925	56,522
Public Works	140	89,544	89,684
Health	9,944		9,944
Conservation - Recreation	10,658	2,085	12,743
Debt Service:			
Redemption of Principal		52,000	52,000
Interest and Fiscal Charges	2,626	8,399	11,025
Capital Outlay	1,463	29,486	30,949
	<u>141,471</u>	<u>236,439</u>	<u>377,910</u>
Total Receipts Over/(Under) Disbursements	<u>75,935</u>	<u>(15,705)</u>	<u>60,230</u>
Other Financing Receipts and (Disbursements):			
Other Uses	<u>(331)</u>	<u>(167)</u>	<u>(498)</u>
Total Other Financing (Disbursements)	<u>(331)</u>	<u>(167)</u>	<u>(498)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,604	(15,872)	59,732
Fund Cash Balances, January 1	<u>134,547</u>	<u>143,517</u>	<u>278,064</u>
Fund Cash Balances, December 31	<u>210,151</u>	<u>127,645</u>	<u>337,796</u>

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

EDINBURG TOWNSHIP
PORTAGE COUNTY

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$617
Total Operating Cash Receipts	617
Fund Cash Balances, January 1	14,453
Fund Cash Balances, December 31	<u><u>\$15,070</u></u>

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

**EDINBURG TOWNSHIP
PORTAGE 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$74,864	\$118,430	\$193,294
Intergovernmental	105,619	55,052	160,671
Licenses, Permits, and Fees	18,417		18,417
Earnings on Investments	9,489	6,038	15,527
Other Revenue	1,222	18,507	19,729
	<u>209,611</u>	<u>198,027</u>	<u>407,638</u>
Cash Disbursements:			
Current:			
General Government	90,767		90,767
Public Safety	2,251	59,915	62,166
Public Works	3,034	158,005	161,039
Health	10,059		10,059
Conservation - Recreation	18,246	5,899	24,145
Debt Service:			
Redemption of Principal		42,000	42,000
Interest and Fiscal Charges		9,269	9,269
Capital Outlay	234	6,065	6,299
	<u>124,591</u>	<u>281,153</u>	<u>405,744</u>
Total Receipts Over/(Under) Disbursements	<u>85,020</u>	<u>(83,126)</u>	<u>1,894</u>
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		43,723	43,723
Other Proceeds from Sale of Public Debt			-
Sale of Fixed Assets	4,497		4,497
Transfers-In		1,900	1,900
Advances-In	20,194	20,194	40,388
Transfers-Out	(1,900)		(1,900)
Advances-Out	(20,194)	(20,194)	(40,388)
	<u>2,597</u>	<u>45,623</u>	<u>48,220</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	87,617	(37,503)	50,114
Fund Cash Balances, January 1	<u>46,930</u>	<u>181,020</u>	<u>227,950</u>
Fund Cash Balances, December 31	<u>134,547</u>	<u>143,517</u>	<u>278,064</u>
Reserve for Encumbrances, December 31	<u>892</u>	<u>1,885</u>	<u>2,777</u>

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

EDINBURG TOWNSHIP
PORTAGE COUNTY

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$886
Total Operating Cash Receipts	886
Fund Cash Balances, January 1	13,567
Fund Cash Balances, December 31	<u><u>\$14,453</u></u>

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

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Edinburg Township, Portage 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. 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.

Monies deposited with STAR Ohio are recorded at share values reported by the mutual fund.

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 money to pay for constructing, maintaining and repairing Township roads.

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

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Funds (Operating and Capital Improvement) – These two funds receive property tax money for the operation of the fire department and for capital requirements of the fire department.

3. Fiduciary Fund (Nonexpendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following Nonexpendable Trust Fund:

Cemetery Bequest Fund – This fund accounts for bequests left for the care of the cemetery. The principal must be kept intact, but the interest income may be expended.

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 2001 and 2000 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

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:

	2001	2000
Demand deposits	\$126,591	\$52,165
STAR Ohio	226,276	240,352
Total deposits and investments	\$352,867	\$292,517

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

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,650	\$217,406	\$6,756
Special Revenue	211,686	220,734	9,048
Capital Projects	57,600	0	(57,600)
Fiduciary	735	617	(118)
Total	\$480,671	\$438,757	(\$41,914)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Appropriation	Actual Expenditures	Variance
General	\$341,200	\$141,803	\$199,397
Special Revenue	347,367	236,606	110,761
Capital Projects	57,600	0	57,600
Fiduciary	735	0	735
Total	\$746,902	\$378,409	\$368,493

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$188,536	\$214,108	\$25,572
Special Revenue	281,279	243,650	(37,629)
Fiduciary	714	886	172
Total	\$470,529	\$458,644	(\$11,885)

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Appropriation	Actual Expenditures	Variance
General	\$235,466	\$127,383	\$108,083
Special Revenue	416,839	283,038	133,801
Fiduciary	714	0	714
Total	\$653,019	\$410,421	\$242,598

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
Fire Truck Loan	\$126,000	4.5%
Dump Truck Loan	30,000	5.9%
Total	\$156,000	

The loans were obtained to purchase a new fire truck and a new dump truck. These general obligations notes are collateralized solely by the Township's taxing authority.

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

	Fire Truck	Dump Truck
Year ending December 31:		
2002	\$47,649	\$10,931
2003	45,788	10,931
2004	43,906	10,930
Total	\$137,343	\$32,792

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

6. RETIREMENT SYSTEMS

A. Public Employees Retirement System

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

Contribution rates are also prescribed by the Ohio Revised Code. For 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.

B. Social Security

All fire fighters are part-time employees and are members of Social Security as they are exempt from PERS.

7. RISK MANAGEMENT

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 insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

B. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding up \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

**EDINBURG TOWNSHIP
PORTAGE COUNTY**

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

7. RISK MANAGEMENT (Continued)

C. Financial Position

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

	<u>2000</u>	<u>2001</u>
Casualty Coverage		
Assets	\$22,684,383	\$23,703,776
Liabilities	8,924,977	9,379,003
Retained Earnings	<u>\$13,759,406</u>	<u>\$14,324,773</u>
 Property Coverage		
Assets	\$4,156,784	\$5,011,131
Liabilities	497,831	647,667
Retained Earnings	<u>\$3,658,953</u>	<u>\$4,363,464</u>



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OFFICE OF THE AUDITOR

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

Edinburg Township
Portage County
5756 Tallmadge Road
Rootstown, OH 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Edinburg Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 1, 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 May 1, 2002.

Edinburg Township
Portage 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 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 1, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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EDINBURG TOWNSHIP

PORTAGE 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 18, 2002**