



**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Fairfield Township
Columbiana County
3201 State Route 164
Leetonia, Ohio 44431

To the Board of Trustees:

We have audited the accompanying financial statements of Fairfield Township (the Township) as of and for the years ended December 31, 2001 and December 31, 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 of the Township as of December 31, 2001 and December 31, 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 February 20, 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 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

February 20, 2002

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**FAIRFIELD TOWNSHIP
COLUMBIANA 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$54,251	\$318,220		\$372,471
Intergovernmental	76,173	104,974		181,147
Licenses, Permits, and Fees	7,388			7,388
Earnings on Investments	23,172	2,826		25,998
Other Revenue	<u>12,947</u>	<u>4,076</u>		<u>17,023</u>
 Total Cash Receipts	 <u>173,931</u>	 <u>430,096</u>		 <u>604,027</u>
Cash Disbursements:				
Current:				
General Government	67,762			67,762
Public Safety	26,204	34,395		60,599
Public Works	38,032	319,792		357,824
Health	5,500	4,267		9,767
Capital Outlay		<u>3,500</u>	<u>128,942</u>	<u>132,442</u>
 Total Cash Disbursements	 <u>137,498</u>	 <u>361,954</u>	 <u>128,942</u>	 <u>628,394</u>
Total Receipts Over/(Under) Disbursements	<u>36,433</u>	<u>68,142</u>	<u>(128,942)</u>	<u>(24,367)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			28,591	28,591
Transfers-Out	<u>(28,591)</u>			<u>(28,591)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>(28,591)</u>		 <u>28,591</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,842	68,142	(100,351)	(24,367)
Fund Cash Balances, January 1	<u>386,719</u>	<u>728,862</u>	<u>275,401</u>	<u>1,390,982</u>
Fund Cash Balances, December 31	<u><u>\$394,561</u></u>	<u><u>\$797,004</u></u>	<u><u>\$175,050</u></u>	<u><u>\$1,366,615</u></u>

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

FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY

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

	<u>Non-Expendable Trust</u>
Operating Receipts	\$0
Total Cash Receipts	<u>0</u>
Operating Disbursements	
Total Cash Disbursements	<u>0</u>
Total Receipts Over/(Under) Disbursements	<u>0</u>
Fund Cash Balances, January 1	<u>5,572</u>
Fund Cash Balances, December 31	<u>\$5,572</u>

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

FAIRFIELD TOWNSHIP
COLUMBIANA 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$51,530	\$306,038		\$357,568
Intergovernmental	88,790	101,680		190,470
Licenses, Permits, and Fees	6,803			6,803
Earnings on Investments	35,831	3,624		39,455
Other Revenue	<u>12,302</u>	<u>1,586</u>		<u>13,888</u>
 Total Cash Receipts	 <u>195,256</u>	 <u>412,928</u>		 <u>608,184</u>
Cash Disbursements:				
Current:				
General Government	59,714			59,714
Public Safety	21,427	49,750		71,177
Public Works	30,418	316,103		346,521
Health	49	8,307		8,356
Capital Outlay		<u>1,800</u>		<u>1,800</u>
 Total Cash Disbursements	 <u>111,608</u>	 <u>375,960</u>		 <u>487,568</u>
 Total Receipts Over/(Under) Disbursements	 <u>83,648</u>	 <u>36,968</u>		 <u>120,616</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			26,661	26,661
Transfers-Out	<u>(26,661)</u>			<u>(26,661)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>(26,661)</u>		 <u>26,661</u>	
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 56,987	 36,968	 26,661	 120,616
 Fund Cash Balances, January 1	 <u>329,732</u>	 <u>691,894</u>	 <u>248,740</u>	 <u>1,270,366</u>
 Fund Cash Balances, December 31	 <u><u>\$386,719</u></u>	 <u><u>\$728,862</u></u>	 <u><u>\$275,401</u></u>	 <u><u>\$1,390,982</u></u>

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

FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY

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

	<u>Non-Expendable Trust</u>
Operating Receipts	\$0
Total Cash Receipts	<u>0</u>
Operating Disbursements	
Total Cash Disbursements	<u>0</u>
Total Receipts Over/(Under) Disbursements	<u>0</u>
Fund Cash Balances, January 1	<u>5,572</u>
Fund Cash Balances, December 31	<u>\$5,572</u>

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

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fairfield Township, Columbiana 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, and fire protection. The Township contracts with the Village of New Waterford, Village of Leetonia and the Village of Columbiana to provide fire 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.

Certificates of deposit are valued at cost.

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.

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Road Fund - This fund receives levied money to construct, maintain and repair Township roads and bridges.

3. Capital Projects 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).

4. Non-Expendable Trust Funds

These funds are used to account for resources restricted by legally binding trust agreements and funds.

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, function, 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. 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.

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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.

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	\$1,222,187	\$971,153
Certificates of deposit	150,000	425,401
Total deposits	\$1,372,187	\$1,396,554

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

Fund Type	2001 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$154,037	\$173,931	\$19,894
Special Revenue	406,852	430,096	23,244
Capital Projects	28,000	28,591	591
Total	\$588,889	\$632,618	\$43,729

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

3. BUDGETARY ACTIVITY (continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$243,439	\$166,089	\$77,350
Special Revenue	700,608	361,954	338,654
Capital Projects	175,000	128,942	46,058
Total	\$1,119,047	\$656,985	\$462,062

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,996	\$195,256	\$39,260
Special Revenue	405,680	412,928	7,248
Capital Projects	10,000	26,661	16,661
Total	\$571,676	\$634,845	\$63,169

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$196,803	\$138,269	\$58,534
Special Revenue	671,660	375,960	295,700
Capital Projects	0	0	0
Total	\$868,463	\$514,229	\$354,234

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 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.

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

5. RETIREMENT SYSTEMS

All 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.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

The District is one of several Townships named in a Board of Tax Appeal Case. The case deals with the alternate formula for distribution of local government tax monies. Although the outcome of this case is not presently determinable, counsel believes that the resolution of this matter 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***

Fairfield Township
Columbiana County
3201 State Route 164
Leetonia, Ohio 44431

To the Board of Trustees:

We have audited the accompanying financial statements of Fairfield Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 20, 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 test disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-41215-001 and 2001-41215-002.

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 February 20, 2002.

Fairfield Township
Columbiana 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, 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

February 20, 2002

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2000-41215-001

Finding for Recovery Repaid After Audit

During our review of the Township's payroll, it was noted the Township Clerk Patricia Hoffmaster received compensation totaling \$16,338.00 for the period January 1, 2000 through December 31, 2000. As established by House Bill 408, Township Clerk's compensation is determined based upon the Township's budget for the year. Fairfield Township's budget for the year 2000 was \$1,847,614. Utilizing the prescribed table and noting the Township Clerk's term of office which began on April 1, 1996 the annual compensation for the Clerk would be \$15,753.50 [14,000 * 3months / 12 = \$3,500 (remainder of 1996 term) and \$16,338.00 * 9 months / 12 = \$12,253.50 (increase under HB 408 for new term)]. This resulted in an overpayment of \$584.50 for the year 2000.

Patricia Hoffmaster, Township Clerk, has paid the overpayment of \$584.50 to the Fairfield Township's General Fund with check number 3423 on February 20, 2002.

FINDING NUMBER 2001-41215-002

Ohio Revised Code §5705.41(D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Board.

Incurring obligations prior to the fiscal officer's certification of the availability of funds to pay such obligations could result in the Township spending more than what was appropriated. It was noted during fiscal year 2001 that 36.67% of expenditures tested and in fiscal year 2000, 16.67% of expenditures tested were committed prior to the certification of available funds by the Township Clerk. Neither exception listed above was followed. This condition does not provide adequate accountability over the Township's disbursements. Disbursements may be incurred which either the Board or management has not authorized or which the Township cannot afford.

We recommend that the Township implement policies and procedures to ensure that purchase orders are issued prior to the expenditure of monies.



STATE OF OHIO
OFFICE OF THE AUDITOR

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FAIRFIELD TOWNSHIP

COLUMBIANA 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
MARCH 26, 2002**