



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of 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.

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

Jim Petro
Auditor of State

May 8, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$63,195	\$156,285	\$29,738	\$249,218
Intergovernmental	70,567	75,539		146,106
Charges for Services		39,117		39,117
Licenses, Permits, and Fees	4,418	12,212		16,630
Fines, Forfeitures, and Penalties	6,407	85		6,492
Earnings on Investments	7,315			7,315
Other Revenue	7,126	6,282		13,408
	<u>159,028</u>	<u>289,520</u>	<u>29,738</u>	<u>478,286</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	116,677			116,677
Public Safety	2,738	105,197		107,935
Public Works		107,104		107,104
Health	4,890	13,597		18,487
Conservation - Recreation	612			612
Debt Service:				
Redemption of Principal			23,047	23,047
Interest and Fiscal Charges			6,691	6,691
Capital Outlay	19,339	43,311		62,650
	<u>144,256</u>	<u>269,209</u>	<u>29,738</u>	<u>443,203</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>14,772</u>	<u>20,311</u>		<u>35,083</u>
Other Financing Receipts:				
Other Sources	<u>206</u>			<u>206</u>
Total Other Financing Receipts	<u>206</u>			<u>206</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	14,978	20,311		35,289
Fund Cash Balances, January 1	<u>57,517</u>	<u>150,475</u>		<u>207,992</u>
Fund Cash Balances, December 31	<u>\$72,495</u>	<u>\$170,786</u>		<u>\$243,281</u>

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

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

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$78
Total Operating Cash Receipts	78
Operating Cash Disbursements:	
Other	117
Total Operating Cash Disbursements	117
Operating Loss	(39)
Fund Cash Balances, January 1	2,517
Fund Cash Balances, December 31	\$2,478

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

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$59,941	\$160,373	\$13,667		\$233,981
Intergovernmental	70,750	98,699		\$130,876	300,325
Charges for Services		30,696			30,696
Licenses, Permits, and Fees	6,512	7,549			14,061
Fines, Forfeitures, and Penalties	9,813	668			10,481
Other Revenue	9,703	30,249			39,952
Total Cash Receipts	<u>156,719</u>	<u>328,234</u>	<u>13,667</u>	<u>130,876</u>	<u>629,496</u>
Cash Disbursements:					
Current:					
General Government	105,215				105,215
Public Safety	2,307	129,410			131,717
Public Works	4,843	149,371			154,214
Health	4,619	9,621			14,240
Conservation - Recreation	847				847
Debt Service:					
Redemption of Principal			11,111		11,111
Interest and Fiscal Charges			2,556		2,556
Capital Outlay	171,024	259,329		130,876	561,229
Total Cash Disbursements	<u>288,855</u>	<u>547,731</u>	<u>13,667</u>	<u>130,876</u>	<u>981,129</u>
Total Receipts (Under) Disbursements	<u>(132,136)</u>	<u>(219,497)</u>			<u>(351,633)</u>
Other Financing Receipts:					
Proceeds from Sale of Public Debt:					
Sale of Notes		129,674			129,674
Other Sources	655				655
Total Other Financing Receipts	<u>655</u>	<u>129,674</u>			<u>130,329</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(131,481)	(89,823)			(221,304)
Fund Cash Balances, January 1	<u>188,998</u>	<u>240,298</u>			<u>429,296</u>
Fund Cash Balances, December 31	<u>\$57,517</u>	<u>\$150,475</u>			<u>\$207,992</u>

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

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

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$87
Total Operating Cash Receipts	87
Operating Income	87
Fund Cash Balances, January 1	2,430
Fund Cash Balances, December 31	\$2,517

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to replace township roads.

5. Non-Expendable Trust Funds

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

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. 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.

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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$25,486	\$208,079
Certificates of deposit	1,725	1,725
Total deposits	27,211	209,804
Sweep Account	217,843	0
Goodyear Stock	705	705
Total investments	218,548	705
Total deposits and investments	\$245,759	\$210,509

At December 31, 1999, the Township held \$ 705 in equity securities. Such securities are not eligible investments for the Township under Chapter 135, Ohio Revised Code.

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,864	\$159,234	(\$28,630)
Special Revenue	333,551	289,520	(44,031)
Debt Service	29,738	29,738	0
Nonexpendable Trust	165	78	(87)
Total	\$551,318	\$478,570	(\$72,748)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,381	\$144,256	\$101,125
Special Revenue	484,025	269,209	214,816
Debt Service	29,738	29,738	0
Nonexpendable Trust	252	117	135
Total	\$759,396	\$443,320	\$316,076

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$181,835	\$157,374	(\$24,461)
Special Revenue	482,829	457,908	(24,921)
Debt Service	13,667	13,667	0
Capital Projects	130,876	130,876	0
Nonexpendable Trust	300	87	(213)
Total	\$809,507	\$759,912	(\$49,595)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$370,833	\$288,855	\$81,978
Special Revenue	723,123	547,731	175,392
Debt Service	13,667	13,667	0
Capital Projects	130,876	130,876	0
Nonexpendable Trust	300	0	300
Total	\$1,238,799	\$981,129	\$257,670

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, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes - 1992 Fire Truck	\$22,223	5.75%
General Obligation Notes - 1998 Fire Truck	117,738	4.98%
Total	\$139,961	

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

5. DEBT (Continued)

The general obligation notes were issued to finance the purchase of fire trucks to be used by the volunteer fire department.

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

Year ending December 31:	General Obligation Notes - 1992 Fire Truck	General Obligation Notes - 1998 Fire Truck
2000	\$12,392	\$16,711
2001	11,751	16,711
2002	0	16,711
2003	0	16,711
2004	0	16,711
Subsequent	0	66,843
Total	\$24,143	\$150,398

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 provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

**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 Braceville Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 8, 2000.

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

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

Jim Petro
Auditor of State

May 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JUNE 6, 2000**