



**EDINBURG TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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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
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Edinburg Township
Portage County
6856 Tallmadge Road
Rootstown, Ohio 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Edinburg Township, Portage County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

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 and reserves for encumbrances of the Township as of December 31, 1999 and December 31, 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 March 2, 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 audit committee, 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.

Jim Petro
Auditor of State

March 2, 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$70,129	\$66,993	\$0	\$137,122
Intergovernmental	89,847	66,601		156,448
Licenses, Permits, and Fees	15,477			15,477
Earnings on Investments	9,211	5,126		14,337
Other Revenue	6,433	31,106		37,539
	<u>191,097</u>	<u>169,826</u>	<u>0</u>	<u>360,923</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	96,670			96,670
Public Safety	2,249	50,442		52,691
Public Works	4,050	80,999		85,049
Health	20,275			20,275
Conservation - Recreation	14,540	9,639		24,179
Debt Service:				
Redemption of Principal			12,500	12,500
Interest and Fiscal Charges			629	629
Capital Outlay	11,168	264,964		276,132
	<u>148,952</u>	<u>406,044</u>	<u>13,129</u>	<u>568,125</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>42,145</u>	<u>(236,218)</u>	<u>(13,129)</u>	<u>(207,202)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		210,000		210,000
Transfers-In		20,000	13,129	33,129
Transfers-Out	(33,129)			(33,129)
	<u>(33,129)</u>	<u>230,000</u>	<u>13,129</u>	<u>210,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,016	(6,218)	0	2,798
Fund Cash Balances, January 1	<u>37,914</u>	<u>187,238</u>	<u>0</u>	<u>225,152</u>
Fund Cash Balances, December 31	<u><u>\$46,930</u></u>	<u><u>\$181,020</u></u>	<u><u>\$0</u></u>	<u><u>\$227,950</u></u>

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

**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	\$680
Total Operating Cash Receipts	680
Operating Cash Disbursements:	
Contractual Services	393
Total Operating Cash Disbursements	393
Operating Income/(Loss)	287
Fund Cash Balances, January 1	13,280
Fund Cash Balances, December 31	\$13,567

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	\$54,439	\$69,979	\$0	\$0	\$124,418
Intergovernmental	70,626	63,377		53,532	187,535
Licenses, Permits, and Fees	18,940	0			18,940
Earnings on Investments	9,283	5,396			14,679
Other Revenue	5,397	61,757			67,154
Total Cash Receipts	<u>158,685</u>	<u>200,509</u>	<u>0</u>	<u>53,532</u>	<u>412,726</u>
Cash Disbursements:					
Current:					
General Government	80,450				80,450
Public Safety	14,258	57,602			71,860
Public Works	4,451	71,002			75,453
Health	15,648	83			15,731
Conservation - Recreation	15,138	7,918			23,056
Debt Service:					
Redemption of Principal			12,500		12,500
Interest and Fiscal Charges			1,241		1,241
Capital Outlay	77,646	86,426		53,532	217,604
Total Cash Disbursements	<u>207,591</u>	<u>223,031</u>	<u>13,741</u>	<u>53,532</u>	<u>497,895</u>
Total Receipts Over/(Under) Disbursements	<u>(48,906)</u>	<u>(22,522)</u>	<u>(13,741)</u>	<u>0</u>	<u>(85,169)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Transfers-In			13,741		13,741
Transfers-Out	(13,741)				(13,741)
Other Sources	7,434				7,434
Total Other Financing Receipts/(Disbursements)	<u>(6,307)</u>	<u>0</u>	<u>13,741</u>	<u>0</u>	<u>7,434</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(55,213)</u>	<u>(22,522)</u>	<u>0</u>	<u>0</u>	<u>(77,735)</u>
Fund Cash Balances, January 1	93,127	209,760	0	0	302,887
Fund Cash Balances, December 31	<u>\$37,914</u>	<u>\$187,238</u>	<u>\$0</u>	<u>\$0</u>	<u>\$225,152</u>
Reserve for Encumbrances, December 31	<u>\$2,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,500</u>

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

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

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Donations	\$5,000
Interest	643
Total Operating Cash Receipts	5,643
Operating Cash Disbursements:	
Contractual Services	213
Total Operating Cash Disbursements	213
Operating Income/(Loss)	5,430
Non-Operating Cash Receipts:	
Intergovernmental Receipts	2,000
Total Non-Operating Cash Receipts	2,000
Fund Cash Balances, January 1	5,850
Fund Cash Balances, December 31	\$13,280

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

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 general governmental services, including road and bridge maintenance, cemetery maintenance, and recreation (park)

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Permissive Motor Vehicle License Tax Fund - This fund receives fees from a locally levied license fee and is used for constructing, maintaining and repairing Township roads

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Capital Project Fund - This fund was established in 1997 to account for the moneys received from tax levy and bequest used primarily for purchase of major capital assets for the fire department which are donated to the Township.

Fire Operating Fund - This fund is to account for the moneys received from tax levy and bequest used primarily for the operation of the fire department.

Park Fund - This fund was established in 1996 to account for the purchase of land for the Township's Park, and also to account for Park operation and maintenance.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness. In 1999 the Township issued five notes for the purchase of a Fire Truck.

4. Fiduciary Funds (Trust and Agency Funds)

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. The Township's non-expendable trust funds are made up of Cemetery Bequests.

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 1999 and 1998 budgetary activity appears in Note 3.

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

2. 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 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.

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 on December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$3,129	\$3,702
STAR Ohio	<u>238,388</u>	<u>234,730</u>
Total deposits and investments	<u><u>\$241,517</u></u>	<u><u>\$238,432</u></u>

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

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 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$203,169	\$191,097	(\$12,072)
Special Revenue	410,760	399,826	(10,934)
Debt Service	13,131	13,129	(2)
Fiduciary	<u>1,114</u>	<u>680</u>	<u>(434)</u>
Total	<u><u>\$628,174</u></u>	<u><u>\$604,732</u></u>	<u><u>(\$23,442)</u></u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,583	\$182,081	\$56,502
Special Revenue	597,998	406,044	191,954
Debt Service	13,131	13,129	2
Fiduciary	14,394	393	14,001
Total	<u>\$864,106</u>	<u>\$601,647</u>	<u>\$262,459</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$171,452	\$166,119	(\$5,333)
Special Revenue	202,662	200,509	(2,153)
Debt Service	14,394	13,741	(653)
Capital Projects	53,800	53,532	(268)
Fiduciary	7,604	7,643	39
Total	<u>\$449,912</u>	<u>\$441,544</u>	<u>(\$8,368)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$264,578	\$223,832	\$40,746
Special Revenue	412,442	223,031	189,411
Debt Service	14,394	13,741	653
Capital Projects	53,800	53,532	268
Fiduciary	13,455	213	13,242
Total	<u>\$758,669</u>	<u>\$514,349</u>	<u>\$244,320</u>

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.

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

4. PROPERTY TAX (Continued)

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 Note#1	\$42,000	4.27%
General Obligation Note#2	42,000	4.35%
General Obligation Note#3	42,000	4.43%
General Obligation Note#4	42,000	4.48%
General Obligation Note#5	42,000	4.54%
Total	\$210,000	

The general obligation note was issued to finance the purchase of a fire truck . This note is one of a series of five notes of like tender and effect.

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

Year ending December 31:	General Obligation Notes
2000	\$43,793
2001	45,654
2002	47,582
2003	49,526
Subsequent	51,534
Total	\$238,089

6. RETIREMENT SYSTEMS

The Township's employees and certain elected officials 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.

PERS members 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.

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

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (Local Government Risk Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Comprehensive property and general liability

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



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
www.auditor.state.oh.us

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

Edinburg Township
Portage County
6856 Tallmadge Road
Rootstown, Ohio 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Edinburg Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 1998 and 1999 and have issued our report thereon dated March 2, 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 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 March 2, 2000.

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 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.

Jim Petro
Auditor of State

March 2, 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

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
MARCH 28, 2000**