



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Auburn Township
Geauga County
11010 East Washington Street
Auburn, Ohio 44023

To the Board of Trustees:

We have audited the accompanying financial statements of Auburn Township, Geauga 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 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 and reserves for encumbrances of Auburn Township, Geauga County, 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 10, 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 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

March 10, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPE
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>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:						
Local Taxes	\$154,643	\$719,550	\$10,462	\$0	\$0	\$884,655
Intergovernmental	134,936	161,100	0	0	0	296,036
Licenses, Permits, and Fees	24,677	4,375	0	0	0	29,052
Earnings on Investments	26,809	372	0	0	577	27,758
Other Revenue	20,625	12,044	0	0	0	32,669
Total Cash Receipts	<u>361,690</u>	<u>897,441</u>	<u>10,462</u>	<u>0</u>	<u>577</u>	<u>1,270,170</u>
Cash Disbursements:						
Current:						
General Government	208,550	20,974	0	0	0	229,524
Public Safety	2,000	307,594	0	0	0	309,594
Public Works	43,382	470,916	0	0	0	514,298
Health	963	16,078	0	0	0	17,041
Debt Service:						
Redemption of Principal	0	0	9,329	0	0	9,329
Interest and Fiscal Charges	0	0	1,133	0	0	1,133
Capital Outlay	7,303	38,647	0	600	0	46,550
Total Cash Disbursements	<u>262,198</u>	<u>854,209</u>	<u>10,462</u>	<u>600</u>	<u>0</u>	<u>1,127,469</u>
Total Receipts Over/(Under) Disbursements	<u>99,492</u>	<u>43,232</u>	<u>0</u>	<u>(600)</u>	<u>577</u>	<u>142,701</u>
Other Financing Receipts/(Disbursements):						
Transfers-In	0	0	0	29,350	0	29,350
Transfers-Out	(29,350)	0	0	0	0	(29,350)
Other Uses	(13,097)	0	0	0	0	(13,097)
Total Other Financing Receipts/(Disbursements)	<u>(42,447)</u>	<u>0</u>	<u>0</u>	<u>29,350</u>	<u>0</u>	<u>(13,097)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>57,045</u>	<u>43,232</u>	<u>0</u>	<u>28,750</u>	<u>577</u>	<u>129,604</u>
Fund Cash Balances, January 1	<u>129,752</u>	<u>113,073</u>	<u>0</u>	<u>109,000</u>	<u>9,797</u>	<u>361,622</u>
Fund Cash Balances, December 31	<u>\$186,797</u>	<u>\$156,305</u>	<u>\$0</u>	<u>\$137,750</u>	<u>\$10,374</u>	<u>\$491,226</u>
Reserve for Encumbrances, December 31	<u>\$30,153</u>	<u>\$5,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35,153</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
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPE
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>	<u>Fiduciary Fund</u>	
Cash Receipts:						
Local Taxes	\$144,881	\$680,056	\$10,462	\$0	\$0	\$835,399
Intergovernmental	165,245	267,038	0	0	0	432,283
Licenses, Permits, and Fees	21,783	3,963	0	0	0	25,746
Earnings on Investments	30,103	535	0	0	539	31,177
Other Revenue	1,142	43,164	0	0	0	44,306
Total Cash Receipts	<u>363,154</u>	<u>994,756</u>	<u>10,462</u>	<u>0</u>	<u>539</u>	<u>1,368,911</u>
Cash Disbursements:						
Current:						
General Government	161,929	32,462	0	0	0	194,391
Public Safety	4,000	314,225	0	0	0	318,225
Public Works	163,585	621,597	0	0	0	785,182
Health	1,873	17,256	0	0	0	19,129
Debt Service:						
Redemption of Principal	0	0	8,809	0	0	8,809
Interest and Fiscal Charges	0	0	1,653	0	0	1,653
Capital Outlay	10,154	47,482	0	0	0	57,636
Total Cash Disbursements	<u>341,541</u>	<u>1,033,022</u>	<u>10,462</u>	<u>0</u>	<u>0</u>	<u>1,385,025</u>
Total Receipts Over/(Under) Disbursements	<u>21,613</u>	<u>(38,266)</u>	<u>0</u>	<u>0</u>	<u>539</u>	<u>(16,114)</u>
Other Financing Receipts/(Disbursements):						
Transfers-In	0	0	0	109,000	0	109,000
Transfers-Out	(109,000)	0	0	0	0	(109,000)
Other Sources	7,006	0	0	0	0	7,006
Other Uses	(36,330)	0	0	0	0	(36,330)
Total Other Financing Receipts/(Disbursements)	<u>(138,324)</u>	<u>0</u>	<u>0</u>	<u>109,000</u>	<u>0</u>	<u>(29,324)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(116,711)</u>	<u>(38,266)</u>	<u>0</u>	<u>109,000</u>	<u>539</u>	<u>(45,438)</u>
Fund Cash Balances, January 1	<u>246,463</u>	<u>151,339</u>	<u>0</u>	<u>9,258</u>	<u>407,060</u>	<u>407,060</u>
Fund Cash Balances, December 31	<u>\$129,752</u>	<u>\$113,073</u>	<u>\$0</u>	<u>\$109,000</u>	<u>\$9,797</u>	<u>\$361,622</u>
Reserve for Encumbrances, December 31	<u>\$49,073</u>	<u>\$24,849</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$73,922</u>

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

Auburn Township, Geauga County, Ohio, (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 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The HH savings bonds are valued at face value.

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.

Fire Fund - This fund receives property tax money to provide fire protection for Township residents.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of the leasing of equipment.

4. Capital Project 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).

5. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Non-Expendable Trust Fund:

Cemetery Bequest Fund - This fund receives interest income for the beautification and maintenance of the Township cemeteries.

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. The Township did not encumber all commitments required by Ohio law.

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

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

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

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$25,550</u>	<u>\$42,536</u>
Total deposits	<u>25,550</u>	<u>42,536</u>
HH Savings Bonds	1,000	1,000
STAR Ohio	<u>464,676</u>	<u>318,086</u>
Total investments	<u>465,676</u>	<u>319,086</u>
Total deposits and investments	<u><u>\$491,226</u></u>	<u><u>\$361,622</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$322,023	\$361,690	\$39,667
Special Revenue	898,614	897,441	(1,173)
Debt Service	10,462	10,462	0
Capital Projects	29,350	29,350	0
Fiduciary	<u>464</u>	<u>577</u>	<u>113</u>
Total	<u><u>\$1,260,913</u></u>	<u><u>\$1,299,520</u></u>	<u><u>\$38,607</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$367,359	\$334,798	\$32,561
Special Revenue	986,838	859,209	127,629
Debt Service	10,462	10,462	0
Capital Projects	113,300	600	112,700
Fiduciary	10,260	0	10,260
Total	<u>\$1,488,219</u>	<u>\$1,205,069</u>	<u>\$283,150</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$346,864	\$370,160	\$23,296
Special Revenue	853,274	994,756	141,482
Debt Service	10,462	10,462	0
Capital Projects	109,000	109,000	0
Fiduciary	206	539	333
Total	<u>\$1,319,806</u>	<u>\$1,484,917</u>	<u>\$165,111</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$496,881	\$535,944	(\$39,063)
Special Revenue	980,418	1,057,871	(77,453)
Debt Service	10,462	10,462	0
Capital Projects	0	0	0
Fiduciary	9,463	0	9,463
Total	<u>\$1,497,224</u>	<u>\$1,604,277</u>	<u>(\$107,053)</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.

Public utilities are also taxed on personal and real property located within the Township.

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

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
Case Loader Backhoe Lease	\$9,878	5.90%
Total	\$9,878	

The lease will be repaid in annual installments of \$10,462 including interest, over 5 years with the last payment being made during the year ending December 31, 2000.

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

Year Ending December 31:	Principle	Interest	Total
2000	\$9,879	\$583	\$10,462
Total	\$9,879	\$583	\$10,462

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 also prescribed by the Ohio Revised Code. For 1999 and 1998, 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.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially affect the Township's financial condition.



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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Auburn Township
Geauga County
11010 East Washington Street
Auburn, Ohio 44023

To the Board of Trustees:

We have audited the financial statements of Auburn Township, Geauga County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 10, 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 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 immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 10, 2000.

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 does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 10, 2000.

This report is intended for the information and use of 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 10, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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AUBURN TOWNSHIP

GEAUGA 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
APRIL 11, 2000**