



**CANFIELD TOWNSHIP  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-98**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**CANFIELD TOWNSHIP  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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## REPORT OF INDEPENDENT ACCOUNTANTS

Canfield Township  
Mahoning County  
21 South Broad Street  
Canfield, Ohio 44406

To the Board of Trustees:

We have audited the accompanying financial statements of Canfield Township, Mahoning 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 and reserves for encumbrances 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 June 12, 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 and contracts.

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

June 12, 2000

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**CANFIELD TOWNSHIP  
 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$303,774	\$124,287		\$428,061
Intergovernmental	343,047	97,608	42,845	483,500
Special Assessments		29,467		29,467
Licenses, Permits, and Fees		82,500		82,500
Earnings on Investments	115,697	3,638		119,335
Other Revenue	20,503	16,586		37,089
<b>Total Cash Receipts</b>	<u>783,021</u>	<u>354,086</u>	<u>42,845</u>	<u>1,179,952</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	234,954	69,800		304,754
Public Safety		595		595
Public Works	208,270	154,583		362,853
Health	46,619	136		46,755
Capital Outlay	192,566		48,615	241,181
<b>Total Cash Disbursements</b>	<u>682,409</u>	<u>225,114</u>	<u>48,615</u>	<u>956,138</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>100,612</u>	<u>128,972</u>	<u>(5,770)</u>	<u>223,814</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		4,875	7,000	11,875
Transfers-Out	(11,875)			(11,875)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(11,875)</u>	<u>4,875</u>	<u>7,000</u>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>88,737</u>	<u>133,847</u>	<u>1,230</u>	<u>223,814</u>
<b>Fund Cash Balances, January 1</b>	<u>2,125,769</u>	<u>509,811</u>		<u>2,635,580</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,214,506</b></u>	<u><b>\$643,658</b></u>	<u><b>\$1,230</b></u>	<u><b>\$2,859,394</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$85</u>	<u>\$34</u>	<u>\$17,201</u>	<u>\$17,320</u>

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

**CANFIELD TOWNSHIP  
 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$286,528	\$118,556		\$405,084
Licenses, Permits, and Fees		75,917		75,917
Intergovernmental Receipts	408,202	90,443	21,042	519,687
Special Assessments		22,737		22,737
Interest	77,880	2,289		80,169
Other Revenue	26,654	10,091		36,745
Total Cash Receipts	<u>799,264</u>	<u>320,033</u>	<u>21,042</u>	<u>1,140,339</u>
<b>Cash Disbursements:</b>				
General Government	219,202	65,857		285,059
Public Safety		629		629
Public Works	146,050	120,903		266,953
Health	45,116	217		45,333
Capital Outlay	285,707	12,197	25,050	322,954
Total Cash Disbursements	<u>696,075</u>	<u>199,803</u>	<u>25,050</u>	<u>920,928</u>
Total Receipts Over/(Under) Disbursements	<u>103,189</u>	<u>120,230</u>	<u>(4,008)</u>	<u>219,411</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		9,650	4,008	13,658
Transfers-Out	(13,658)			(13,658)
Total Other Financing Receipts/(Disbursements)	<u>(13,658)</u>	<u>9,650</u>	<u>4,008</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	89,531	129,880		219,411
Fund Cash Balances, January 1	<u>2,036,238</u>	<u>379,931</u>		<u>2,416,169</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,125,769</u></b>	<b><u>\$509,811</u></b>		<b><u>\$2,635,580</u></b>
Reserve for Encumbrances, December 31	<u>\$40,514</u>	<u>\$9,966</u>		<u>\$50,480</u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Canfield Township, Mahoning 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 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, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Fund:

*Zoning Fund* - This fund receives money when it issues permits for zoning commercial and residential properties.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Capital Projects Fund**

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 projects funds:

*Issue II Fund* - To account for projects financed by Issue II monies in 1999.

*Indian Run* - To account for paving projects on Indian Run in 1998.

**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 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. 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.

**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.

**CANFIELD 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	\$803,156	\$1,666,717
Certificate of deposit	<u>128,041</u>	<u>113,427</u>
Total deposits	<u>931,197</u>	<u>1,780,144</u>
U.S. Treasury Notes	199,375	199,375
STAR Ohio	<u>1,728,822</u>	<u>656,061</u>
Total investments	<u>1,928,197</u>	<u>855,436</u>
Total deposits and investments	<u><u>\$2,859,394</u></u>	<u><u>\$2,635,580</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:** U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. 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 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$590,759	\$783,021	\$192,262
Special Revenue	326,121	358,961	32,840
Capital Projects	<u>88,000</u>	<u>49,845</u>	<u>(38,155)</u>
Total	<u><u>\$1,004,880</u></u>	<u><u>\$1,191,827</u></u>	<u><u>\$186,947</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$825,342	\$694,369	\$130,973
Special Revenue	295,666	225,148	70,518
Capital Projects	<u>99,000</u>	<u>65,816</u>	<u>33,184</u>
Total	<u><u>\$1,220,008</u></u>	<u><u>\$985,333</u></u>	<u><u>\$234,675</u></u>

**CANFIELD TOWNSHIP  
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	\$465,128	\$799,263	\$334,135
Special Revenue	303,787	329,683	25,896
Capital Projects	25,050	25,050	
Total	<u>\$793,965</u>	<u>\$1,153,996</u>	<u>\$360,031</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,409,118	\$750,247	\$658,871
Special Revenue	315,563	209,769	105,794
Capital Projects	25,550	25,050	500
Total	<u>\$1,750,231</u>	<u>\$985,066</u>	<u>\$765,165</u>

The Township had the following budgetary violations:

1. **Ohio Revised Code §5705.41 (D)** - purchase order dates were dated subsequent to the relevant invoices, contrary to this revised code section.
2. **Ohio Revised Code §5705.41 (A)** - the Township had one fund which had appropriations in excess of the amount certified as available by the budget commission.
3. **Ohio Revised Code §5705.36** - in one fund, the Township's Amended Certificate of Estimated Resources exceeded actual resources and the amount of actual resources was not sufficient to cover actual expenditures and encumbrances.

**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.

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.

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

**5. RETIREMENT SYSTEMS**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post-retirement 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, members of PERS members contributed 8.5% of their gross salaries. The members contribution is picked up by the township. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. 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

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

Canfield Township  
Mahoning County  
21 South Broad Street  
Canfield, Ohio 44406

To the Board of Trustees:

We have audited the financial statements of Canfield Township, Mahoning County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 12, 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, and contracts, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-41150-001 through 1999-41150-003.

**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 June 12, 2000.

Canfield Township  
Mahoning 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 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

June 12, 2000



**SCHEDULE OF FINDINGS  
CANFIELD TOWNSHIP  
MAHONING COUNTY  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-41150-001</b>
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**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 Trustees.

During our voucher testing for 1998 and 1999, in 20% of our test sample, purchase orders were dated subsequent to the invoices. This indicates commitments were made without prior fiscal officer certification.

We recommend that the Township comply with this revised code section.

**SCHEDULE OF FINDINGS  
CANFIELD TOWNSHIP  
MAHONING COUNTY  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-41150-002</b>
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**Ohio Revised Code § 5705.41 (A)** prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund.

The Township had the following fund which had appropriations in excess of the amount certified as available by the budget commission:

<u>FUND</u>	<u>TOTAL CERTIFIED RESOURCES</u>	<u>TOTAL APPROPRIATIONS</u>	<u>VARIANCE</u>
CAPITAL PROJECTS:			
Sugarbush Drainage Fund	\$88,000	\$99,000	(\$11,000)

We recommend that the Township comply with this revised code section.

<b>Finding Number</b>	<b>1999-41150-003</b>
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**Ohio Revised Code § 5705.36** provides in part that upon the determination by a fiscal officer that the revenue to be collected by a subdivision will be greater or less than the amount included in the current official certificate, the fiscal officer shall certify the amount of the deficiency or excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Budgetary testing indicated the Amended Certificate of Estimated Resources exceeded actual resources and the amount of actual resources was not sufficient to cover actual expenditures and encumbrances for the year for the following fund:

<u>FUND</u>	<u>ESTIMATED RESOURCES</u>	<u>ACTUAL RESOURCES</u>	<u>DISBURSEMENTS PLUS ENCUMBRANCES</u>	<u>VARIANCE</u>
CAPITAL PROJECTS:				
Sugarbush Drainage Fund	\$88,000	\$49,845	\$65,816	(\$15,971)

We recommend that the Township comply with this revised code section.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**CANFIELD TOWNSHIP**

**MAHONING 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  
NOVEMBER, 14 2000**