



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Medina Township  
Medina County  
3799 Huffman Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of Medina Township, Medina 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As described 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 Medina Township, Medina County, 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 March 6, 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 Section 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 6, 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>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$174,962	\$631,040	\$806,002
Intergovernmental	250,449	507,545	757,994
Licenses, Permits and Fees	34,820		34,820
Fines, Forfeitures, and Penalties	12,079		12,079
Earnings on Investments	47,007	9,131	56,138
Other	23,445	17,365	40,810
	<u>542,762</u>	<u>1,165,081</u>	<u>1,707,843</u>
Total Cash Receipts			
	<u>542,762</u>	<u>1,165,081</u>	<u>1,707,843</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	127,202		127,202
Public Safety	278,187	193,788	471,975
Public Works	6,256	276,687	282,943
Health	7,595		7,595
Capital Outlay	210,936	622,067	833,003
	<u>630,176</u>	<u>1,092,542</u>	<u>1,722,718</u>
Total Cash Disbursements			
	<u>630,176</u>	<u>1,092,542</u>	<u>1,722,718</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(87,414)	72,539	(14,875)
Fund Cash Balances, January 1	513,719	644,578	1,158,297
	<u>513,719</u>	<u>644,578</u>	<u>1,158,297</u>
Fund Cash Balances, December 31	\$426,305	\$717,117	\$1,143,422
	<u>\$426,305</u>	<u>\$717,117</u>	<u>\$1,143,422</u>
Reserve for encumbrances, December 31	\$0	\$0	\$0
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$170,335	\$602,780	\$773,115
Intergovernmental	226,451	127,366	353,817
Licenses, Permits and Fees	30,905		30,905
Fines, Forfeitures, and Penalties	13,637		13,637
Earnings on Investments	37,104		37,104
Other	53,551	19,585	73,136
	<u>531,983</u>	<u>749,731</u>	<u>1,281,714</u>
Total Cash Receipts			
	<u>531,983</u>	<u>749,731</u>	<u>1,281,714</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	115,205		115,205
Public Safety	267,685	159,873	427,558
Public Works	7,348	249,852	257,200
Health	3,342		3,342
Capital Outlay	134,586	267,696	402,282
	<u>528,166</u>	<u>677,421</u>	<u>1,205,587</u>
Total Cash Disbursements			
	<u>528,166</u>	<u>677,421</u>	<u>1,205,587</u>
Total Cash Receipts Over/(Under) Cash Disbursements	3,817	72,310	76,127
Fund Cash Balances, January 1	509,902	572,268	1,082,170
Fund Cash Balances, December 31	<u>\$513,719</u>	<u>\$644,578</u>	<u>\$1,158,297</u>
Reserve for encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</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**

Medina Township, Medina 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 zoning, road maintenance, and police and fire protection.

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 cash 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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 taxes and intergovernmental receipts for constructing, maintaining and repairing Township roads.

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

*Fire Levy Fund* - This fund receives real estate and property taxes, and intergovernmental receipts to provide fire protection to Township residents.

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

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

**D. Fund Accounting (continued)**

**Special Revenue Funds (continued)**

*Police District Fund* - This fund receives real estate and property tax revenue and other intergovernmental receipts to provide police protection to Township residents.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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 capital outlay 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 cash basis of accounting used by the Township.

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

**2. EQUITY IN POOLED CASH**

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$143,422	\$58,297
Certificates of Deposit	<u>1,000,000</u>	<u>1,100,000</u>
Total deposits	<u>\$1,143,422</u>	<u>\$1,158,297</u>

Deposits

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

**3. BUDGETARY ACTIVITY**

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

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$395,109	\$542,762	\$147,653
Special Revenue	<u>678,800</u>	<u>1,165,081</u>	<u>486,281</u>
Total	<u>\$1,073,909</u>	<u>\$1,707,843</u>	<u>\$633,934</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$908,828	\$630,176	\$278,652
Special Revenue	<u>1,215,788</u>	<u>1,092,542</u>	<u>123,246</u>
Total	<u>\$2,124,616</u>	<u>\$1,722,718</u>	<u>\$401,898</u>

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

**4. BUDGETARY ACTIVITY (Continued)**

**1998 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$374,612	\$531,983	\$157,371
Special Revenue	<u>651,900</u>	<u>749,731</u>	<u>97,831</u>
Total	<u>\$1,026,512</u>	<u>\$1,281,714</u>	<u>\$255,202</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$884,514	\$528,166	\$356,348
Special Revenue	<u>1,015,755</u>	<u>677,421</u>	<u>338,334</u>
Total	<u>\$1,900,269</u>	<u>\$1,205,587</u>	<u>\$694,682</u>

**5. 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 payments, 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 with 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.

**6. RETIREMENT SYSTEM**

The employees of the Township 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.

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- |                    |                             |
|--------------------|-----------------------------|
| -Property          | -Vehicles                   |
| -General Liability | -Public Officials Liability |

The Township also provided health insurance, dental, and short term disability coverage to full-time employees through private carriers.

**8. CONTINGENT LIABILITY**

The Township is defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, counsel believes that the resolution of this matter will not materially or 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***

Medina Township  
Medina County  
3799 Huffman Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the financial statements of Medina Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 6, 2000. We conducted our audits 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 audits 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 an immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated March 6, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated March 6, 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 6, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MEDINA TOWNSHIP**

**MEDINA 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 4, 2000**