



**PARIS TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PARIS TOWNSHIP
PORTAGE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Paris Township
Portage County
9174 Newton Falls Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Paris Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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, 2001 and 2000 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 February 15, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of 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

February 15, 2002

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**PARIS TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$24,179	\$100,171	\$39,958	\$164,308
Intergovernmental	69,040	61,904	4,035	134,979
Charges for Services		5,647		5,647
Licenses, Permits, and Fees	9,229	4,700		13,929
Earnings on Investments	3,620	390		4,010
Other Revenue	15,381	7,725		23,106
	<u>121,449</u>	<u>180,537</u>	<u>43,993</u>	<u>345,979</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	80,243	26,243		106,486
Public Safety	17,114	18,674		35,788
Public Works	1,322	94,988		96,310
Health		6,529		6,529
Debt Service:				
Redemption of Principal		10,000		10,000
Interest and Fiscal Charges		1,306		1,306
Capital Outlay			98,805	98,805
	<u>98,679</u>	<u>157,740</u>	<u>98,805</u>	<u>355,224</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>22,770</u>	<u>22,797</u>	<u>(54,812)</u>	<u>(9,245)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale of Notes			173,530	173,530
			<u>173,530</u>	<u>173,530</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	22,770	22,797	118,718	164,285
Fund Cash Balances, January 1	78,142	153,758		231,900
Fund Cash Balances, December 31	<u>\$100,912</u>	<u>\$176,555</u>	<u>\$118,718</u>	<u>\$396,185</u>

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

**PARIS TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$20,176	\$97,267	\$117,443
Intergovernmental	64,119	61,220	125,339
Charges for Services		7,082	7,082
Licenses, Permits, and Fees	4,767	4,350	9,117
Earnings on Investments	2,617	423	3,040
Other Revenue	<u>2,852</u>	<u>4,500</u>	<u>7,352</u>
 Total Cash Receipts	 <u>94,531</u>	 <u>174,842</u>	 <u>269,373</u>
Cash Disbursements:			
Current:			
General Government	81,411	11,384	92,795
Public Safety	14,599	24,852	39,451
Public Works	1,384	158,595	159,979
Health		8,479	8,479
Capital Outlay	<u>8,887</u>		<u>8,887</u>
 Total Cash Disbursements	 <u>106,281</u>	 <u>203,310</u>	 <u>309,591</u>
 Total Receipts (Under) Disbursements	 <u>(11,750)</u>	 <u>(28,468)</u>	 <u>(40,218)</u>
Other Financing Receipts:			
Proceeds from Sale of Public Debt:			
Sale of Notes		<u>20,000</u>	<u>20,000</u>
 Total Other Financing Receipts		 <u>20,000</u>	 <u>20,000</u>
 Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	 (11,750)	 (8,468)	 (20,218)
 Fund Cash Balances, January 1	 <u>89,892</u>	 <u>162,226</u>	 <u>252,118</u>
 Fund Cash Balances, December 31	 <u>\$78,142</u>	 <u>\$153,758</u>	 <u>\$231,900</u>

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

**PARIS TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Paris 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 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 Township's investments consisted solely of an interest bearing checking account.

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 to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire District Fund - This fund receives property tax money for the general operation of the fire department.

**PARIS TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds

This fund is 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). The Township had the following significant capital projects fund:

Road Garage - The Township borrowed money to construct a building for the Township's road equipment.

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. 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 2001 and 2000 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. Accumulated Leave

Township employees do not accrue any vacation or sick leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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, 2001 was \$396,185 and at December 31, 2000 was \$231,900.

**PARIS TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,661	\$121,449	\$31,788
Special Revenue	170,451	180,537	10,086
Capital Projects	180,000	217,523	37,523
Total	\$440,112	\$519,509	\$79,397

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,138	\$98,679	\$80,459
Special Revenue	328,712	157,740	170,972
Capital Projects	217,419	98,805	118,614
Total	\$725,269	\$355,224	\$370,045

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,456	\$94,531	\$7,075
Special Revenue	172,899	194,842	21,943
Total	\$260,355	\$289,373	\$29,018

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$177,348	\$106,281	\$71,067
Special Revenue	335,125	203,310	131,815
Total	\$512,473	\$309,591	\$202,882

**PARIS TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. 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 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, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$190,000	6.44% and 4.65%

The Township issued a two-year general obligation note in fiscal year 2000 for \$20,000 for road improvements. In fiscal year 2001, the Township issued a five-year general obligation note for \$180,000 for the construction of a Township garage. Both notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2002	55,014
2003	42,696
2004	41,002
2005	39,348
2006	37,674
Total	\$215,734

**PARIS TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

Most employees belong to the Public Employees Retirement System (PERS) of Ohio. However, two Trustees and the Clerk contribute to social security in lieu of PERS. 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Township is a member of the *Ohio Township Association Risk Management Authority* (the Pool). The Pool assumes the risk of loss up to the limits of Paris Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Legal Liability - Third Party Claims Coverage
- Automobile Liability Coverage
- Law Enforcement Operations Coverage
- Wrongful Acts Coverage
- Automobile Physical Damage
- Property Coverage:
 - Building and Contents
 - Inland Marine

8. RELATED PARTY TRANSACTIONS

The Township Clerk's husband and brother-in-law are part-time road employees at the Township, and also own a construction business (Shaulis Contracting) that does business with the Township. During 2001 and 2000 Shaulis Contracting rented machinery such as bulldozers and mechanical shovels to the Township. Township's officials believe that the Township is saving money by not having to purchase road equipment. The employees are issued a Form W-2 for employee wages, and a Form 1099 for payments to the contracting business. The Township disbursed \$9,765 in 2001 and \$9,310 in 2000 to Shaulis Contracting.

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

Paris Township
Portage County
9174 Newton Falls Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Paris Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 15, 2002.

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 February 15, 2002.

Paris Township
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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

February 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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PARIS 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
APRIL 11, 2002**