



**Auditor of State  
Betty Montgomery**



**OSNABURG TOWNSHIP  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Osnaburg Township  
Stark County  
7115 Hillvale Street S.E.  
East Canton, Ohio 44730

To the Board of Trustees:

We have audited the accompanying financial statements of Osnaburg Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 and reserves for encumbrances of the Township as of December 31, 2002 and 2001, 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 May 13, 2003 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.

Osnaburg Township  
Stark County  
Independent Accountants' Report  
Page 2

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 13, 2003

**OSNABURG TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$30,761	\$400,217	\$28,276	\$0	\$0	\$459,254
Charges for Services		33,835				33,835
Licenses, Permits, and Fees	12,198	8,750				20,948
Intergovernmental	106,080	155,229				261,309
Earnings on Investments	10,566	2,041			27	12,634
Miscellaneous	2,894	8,910				11,804
<b>Total Cash Receipts</b>	<b>162,499</b>	<b>608,982</b>	<b>28,276</b>	<b>0</b>	<b>27</b>	<b>799,784</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	112,720					112,720
Public Safety		176,870				176,870
Public Works	1,050	334,231				335,281
Health	14,128	11,867			507	26,502
Capital Outlay		5,486				5,486
Debt Service:						
Redemption of Principal			93,502			93,502
Interest and Other Fiscal Charges			1,953			1,953
<b>Total Cash Disbursements</b>	<b>127,898</b>	<b>528,454</b>	<b>95,455</b>	<b>0</b>	<b>507</b>	<b>752,314</b>
Total Cash Receipts Over Cash Disbursements	34,601	80,528	(67,179)	0	(480)	47,470
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Land		42,500				42,500
Transfers-In				15,000		15,000
Transfers-Out		(15,000)				(15,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>27,500</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>42,500</b>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,601	108,028	(67,179)	15,000	(480)	89,970
Fund Cash Balances, January 1	130,909	320,919	67,454	30,000	1,788	551,070
<b>Fund Cash Balances, December 31</b>	<b>\$165,510</b>	<b>\$428,947</b>	<b>\$275</b>	<b>\$45,000</b>	<b>\$1,308</b>	<b>\$641,040</b>
Reserves for Encumbrances, December 31	\$1,673	\$981	\$0	\$0	\$0	\$2,654

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

**OSNABURG TOWNSHIP  
STARK COUNTY**

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

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$31,018	\$353,209	\$119,078	\$0	\$0	\$503,305
Charges for Services		16,807				16,807
Licenses, Permits, and Fees	6,349	2,350				8,699
Intergovernmental	109,252	151,633	14,321	15,280		290,486
Earnings on Investments	17,811	3,112			78	21,001
Miscellaneous	4,280	4,159				8,439
<b>Total Cash Receipts</b>	<b>168,710</b>	<b>531,270</b>	<b>133,399</b>	<b>15,280</b>	<b>78</b>	<b>848,737</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	131,139					131,139
Public Safety		124,372				124,372
Public Works	3,925	298,825				302,750
Health	13,135	5,026			263	18,424
Capital Outlay	21,612			15,280		36,892
Debt Service:						
Redemption of Principal			93,502			93,502
Interest and Other Fiscal Charges			8,906			8,906
<b>Total Cash Disbursements</b>	<b>169,811</b>	<b>428,223</b>	<b>102,408</b>	<b>15,280</b>	<b>263</b>	<b>715,985</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,101)	103,047	30,991	0	(185)	132,752
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In				15,000		15,000
Transfers-Out		(15,000)				(15,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>(15,000)</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,101)	88,047	30,991	15,000	(185)	132,752
Fund Cash Balances, January 1	132,010	232,872	36,463	15,000	1,973	418,318
<b>Fund Cash Balances, December 31</b>	<b><u>\$130,909</u></b>	<b><u>\$320,919</u></b>	<b><u>\$67,454</u></b>	<b><u>\$30,000</u></b>	<b><u>\$1,788</u></b>	<b><u>\$551,070</u></b>
Reserves for Encumbrances, December 31	<u>\$677</u>	<u>\$996</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,673</u>

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

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Osnaburg Township, Stark 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. Police protection is provided by the Stark County Sheriff's Department under an annual contract.

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. Investments**

The Township maintains monies in an overnight repurchase agreement. Investments are included in the fund cash balances. 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 has the following Special Revenue Funds:

*Road and Bridge Fund* - This is used to account for property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire District Fund* - This fund is used to account for property tax receipts for maintenance of equipment used by the Volunteer Fire Department and for the salaries of the Fire Chief and Assistant Fire Chief.

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township has the following Debt Service Fund:

*Debt Retirement Fund* - This fund is used to accumulate resources for the payment of principal and interest on the Township's Fire Station Construction Note.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following Capital Projects Funds:

*Capital Projects Fund* - This fund is used to accumulate money for the purchase of major equipment on an as needed basis.

*Issue II Fund* - This fund is used to account for a grant from the Ohio Public Works Commission for the Fairbrook Drain Project.

**5. Fiduciary Fund (Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township has the following Fiduciary Fund:

**Expendable Trust**

*Ake Cemetery Fund* - This fund is used to account for cemetery maintenance.

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund to 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 the appropriation measure 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED INVESTMENTS**

The Township maintains an investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Repurchase Agreement	\$641,040	\$551,070

**Investment:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,369	\$162,499	\$36,130
Special Revenue	604,904	651,482	46,578
Debt Service	28,276	28,276	0
Capital Projects	0	15,000	15,000
Fiduciary	27	27	0
Total	\$759,576	\$857,284	\$97,708

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$261,934	\$129,571	\$132,363
Special Revenue	913,705	544,435	369,270
Debt Service	95,729	95,455	274
Capital Projects	30,000	0	30,000
Fiduciary	1,815	507	1,308
Total	\$1,303,183	\$769,968	\$533,215

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,531	\$168,710	\$12,179
Special Revenue	534,599	531,270	(3,329)
Debt Service	128,608	133,399	4,791
Capital Projects	30,280	30,280	0
Fiduciary	207	78	(129)
Total	\$850,225	\$863,737	\$13,512

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$288,504	\$170,488	\$118,016
Special Revenue	751,424	444,219	307,205
Debt Service	165,071	102,408	62,663
Capital Projects	30,279	15,280	14,999
Fiduciary	2,180	263	1,917
Total	\$1,237,458	\$732,658	\$504,800

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 payments, 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**

As of December 31, 2002, the fire station construction note was paid in full.

**6. RETIREMENT SYSTEMS**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, OPERS 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, 2002.

**7. RISK POOL MEMBERSHIP**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**OSNABURG TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK POOL MEMBERSHIP (Continued)**

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>9,197,512</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>



**Auditor of State  
Betty Montgomery**

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

Osnaburg Township  
Stark County  
7115 Hillvale Street S.E.  
East Canton, Ohio 44730

To the Board of Trustees:

We have audited the accompanying financial statements of Osnaburg Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 13, 2003. We conducted our audits 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 May 13, 2003.

**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 certain 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 May 13, 2003.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 13, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**OSNABURG TOWNSHIP**

**STARK 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  
JULY 8, 2003**