



**GOSHEN TOWNSHIP
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Goshen Township
Mahoning County
P.O. Box 186
Damascus, Ohio 44619-0186

To the Board of Township Trustees:

We have audited the accompanying financial statements of Goshen Township, Mahoning County, (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 Goshen Township, Mahoning County, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 26, 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, Board of Township 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 26, 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$70,920	\$270,267		\$341,187
Intergovernmental	55,442	116,366	\$72,341	244,149
Special Assessments		5,000		5,000
Charges for Services	21,167			21,167
Licenses, Permits, and Fees	1,728	2,702		4,430
Fines, Forfeitures, and Penalties	15,531			15,531
Earnings on Investments	8,213	3,340		11,553
Miscellaneous Cash Receipts	6,105			6,105
	<u>179,106</u>	<u>397,675</u>	<u>72,341</u>	<u>649,122</u>
Total Cash Receipts				
Cash Disbursements:				
General Government	113,942	8,014		121,956
Public Safety		275,512		275,512
Public Works	14,469	90,406		104,875
Health	12,036	1,880		13,916
Conservation - Recreation	227			227
Lease Principal Payment	16,156			16,156
Interest and Fiscal Charges	300			300
Capital Outlay	7,943	54,775	72,341	135,059
	<u>165,073</u>	<u>430,587</u>	<u>72,341</u>	<u>668,001</u>
Total Cash Disbursements				
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>14,033</u>	<u>(32,912)</u>		<u>(18,879)</u>
Other Financing Sources/(Uses):				
Other Financing Sources	<u>16,102</u>			<u>16,102</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	30,135	(32,912)		(2,777)
Fund Cash Balances - January 1, 1999	<u>109,571</u>	<u>190,515</u>		<u>300,086</u>
Fund Cash Balances - December 31, 1999	<u>\$139,706</u>	<u>\$157,603</u>		<u>\$297,309</u>
Reserve for Encumbrances - December 31, 1999		<u>\$918</u>		<u>\$918</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>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$71,812	\$275,528	\$347,340
Intergovernmental	70,129	101,835	171,964
Special Assessments		4,826	4,826
Charges for Services	13,333		13,333
Licenses, Permits, and Fees	1,336	2,876	4,212
Fines, Forfeitures, and Penalties	8,752		8,752
Earnings on Investments	6,497	3,191	9,688
Miscellaneous Cash Receipts	5,506	1,766	7,272
	<u>177,365</u>	<u>390,022</u>	<u>567,387</u>
Total Cash Receipts			
Cash Disbursements:			
General Government	107,469	4,144	111,613
Public Safety	1,717	235,718	237,435
Public Works	29,088	88,428	117,516
Health	10,240	5,563	15,803
Conservation - Recreation	111		111
Capital Outlay	8,807		8,807
	<u>157,432</u>	<u>333,853</u>	<u>491,285</u>
Total Cash Disbursements			
Excess of Cash Receipts Over Cash Disbursements	<u>19,933</u>	<u>56,169</u>	<u>76,102</u>
Other Financing Sources/(Uses):			
Advances-In	10,000	10,000	20,000
Advances-Out	(10,000)	(10,000)	(20,000)
Other Financing Sources	7,288		7,288
	<u>7,288</u>	<u>7,288</u>	<u>7,288</u>
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements	27,221	56,169	83,390
Fund Cash Balances - January 1, 1998	<u>82,350</u>	<u>134,346</u>	<u>216,696</u>
Fund Cash Balances - December 31, 1998	<u>\$109,571</u>	<u>\$190,515</u>	<u>\$300,086</u>
Reserve for Encumbrances - December 31, 1998	<u>\$680</u>	<u>\$2,380</u>	<u>\$3,060</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

Goshen 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 Township Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, recycling services, police protection services, and fire protection 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.

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:

Police District Fund - This Fund accounts for property tax money restricted to providing police protection services and equipment.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project 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 enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - This Fund accounts for a grant the Township received from the State of Ohio to fund the Township's Stratton Road Upgrade Project.

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 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.

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.

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	(\$30,826)	\$158,870
Investments:		
Repurchase agreements	226,189	
STAR Ohio	101,946	141,216
Total deposits and investments	\$297,309	\$300,086

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

Investments: Repurchase agreements are uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Township's name. 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 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,180	\$195,208	\$58,028
Special Revenue	375,691	397,675	21,984
Capital Projects	75,405	72,341	(3,064)
Total	\$588,276	\$665,224	\$76,948

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$247,432	\$165,073	\$82,359
Special Revenue	568,586	431,505	137,081
Capital Projects	72,341	72,341	0
Total	\$888,359	\$668,919	\$219,440

**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	\$236,326	\$184,653	(\$51,673)
Special Revenue	359,872	390,022	30,150
Total	\$596,198	\$574,675	(\$21,523)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,938	\$158,112	\$50,826
Special Revenue	494,218	336,233	157,985
Total	\$703,156	\$494,345	\$208,811

4. CAPITAL LEASE OBLIGATION

The Township purchased two police cruisers through a capital lease arrangement in 1999 for \$45,570 at 6.5 percent interest. The lease obligation is payable in three annual installments of \$16,156, including interest, through June 2001. The Township will pay for this obligation from a police levy approved by the voters.

5. 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.

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

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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code prescribes PERS contribution rates. For 1998 and 1999, PERS requires members to contribute 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 is a member of the Ohio Township Association Risk Management Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability package
- Health package
- Police services package
- Vehicle package

The Township also provides medical benefits to elected officials and full-time employees through a private carrier.

8. RESTATEMENT OF FUND CASH BALANCES

For the year commencing January 1, 1998, the Uniform Accounting Network modified the chart of accounts that eliminated the special assessment fund type. The Township had two special assessment funds in 1997 that it now reflects as special revenue funds. This change required the Township to record certain adjustments to the January 1, 1998 beginning fund cash balances as compared to the December 31, 1997 ending fund cash balances in the following Fund Types:

Fund Type	Previously Stated Balances at 12/31/97	Reclassifications	Restated Balances at 1/1/98
Special Revenue Funds	\$112,877	\$21,469	\$134,346
Special Assessment Fund	\$21,469	(\$21,469)	\$0

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

Goshen Township
Mahoning County
P.O. Box 186
Damascus, Ohio 44619-0186

To the Board of Township Trustees:

We have audited the accompanying financial statements of Goshen Township, Mahoning County, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 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 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 June 26, 2000.

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 26, 2000.

This report is intended for the information and use of management and Board of Township 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GOSHEN 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
JULY 25, 2000**