

**LEXINGTON TOWNSHIP**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND DECEMBER 31, 1999





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Trustees  
Lexington Township  
14555 Gaskill Drive, NE  
Alliance, Ohio 44601

We have reviewed the Independent Auditor's Report of Lexington Township, Stark County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lexington Township is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

July 20, 2001

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**LEXINGTON TOWNSHIP  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND DECEMBER 31, 1999**

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**LEXINGTON TOWNSHIP**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2000**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Edward Moffett	Trustee	01/01/98-12/31/01	(A)	\$5,000	01/01/98- 12/31/01
Berkely Barker	Trustee	01/01/98-12/31/01	(A)	\$5,000	01/01/98- 12/31/01
James F. Mathews	Trustee	01/01/00-12/31/03	(B)	\$5,000	01/01/00- 12/31/03
Michele D. Monnette	Clerk	04/01/00-03/31/04	(B)	\$10,000	04/01/00- 03/31/04

(A) Kemper Insurance Company

(B) Ohio Township Association Risk  
Management Authority

**STATUTORY LEGAL COUNSEL**

Mr. Kenneth J. Cardinal  
758 North Fifteenth Street  
PO Box 207  
Sebring, OH 44672-0207

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Lexington Township, Stark County  
14555 Gaskill Drive, NE  
Alliance, OH 44601

We have audited the accompanying financial statements of Lexington Township, Stark County (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, as listed in the table of contents. 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 fund cash balances of the Township as of December 31, 2000 and December 31, 1999, and its 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 29, 2001 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.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

June 29, 2001



*FINANCIAL STATEMENTS*

**Lexington Township**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2000**

	General	Special Revenue	Debt Service	Total (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$7,191	\$582,653	\$51,685	\$641,529
Charges for Services	0	200	0	200
Licenses, Permits and Fees	23,720	0	0	23,720
Fines and Forfeitures	11,405	132,862	0	144,267
Intergovernmental Receipts	137,793	0	0	137,793
Interest	12,366	1,452	0	13,818
All Other Receipts	1,501	3,047	0	4,548
	<u>193,976</u>	<u>720,214</u>	<u>51,685</u>	<u>965,875</u>
<b>Cash Disbursements</b>				
General Government	121,039	0	0	121,039
Public Safety	29,141	331,144	0	360,285
Public Works	0	316,446	0	316,446
Health	15,881	0	0	15,881
Capital Outlay	25,165	93,727	12,636	131,528
Debt Service:				
Principal	0	0	31,527	31,527
Interest and Fiscal Charges	0	0	978	978
	<u>191,226</u>	<u>741,317</u>	<u>45,141</u>	<u>977,684</u>
Total Receipts Over (Under) Disbursements	2,750	(21,103)	6,544	(11,809)
Fund Cash Balances, January 1, 2000 (Restated, See Note 2)	63,455	266,444	0	329,899
Adjustments	<u>33</u>	<u>0</u>	<u>0</u>	<u>33</u>
Fund Cash Balances, December 31, 2000	<u>\$66,238</u>	<u>\$245,341</u>	<u>\$6,544</u>	<u>\$318,123</u>
Reserve for Encumbrances	\$4,282	\$30,690	\$0	\$34,972

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

**Lexington Township**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Fiduciary Fund Types**  
**For the Year Ended December 31, 2000**

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	<u>Agency</u>
Operating Receipts	
Other	<u>\$3,000</u>
Total Operating Receipts	<u>3,000</u>
Operating Disbursements	<u>0</u>
Net Income	3,000
Fund Cash Balances, January 1, 2000 (Restated, See Note 2)	<u>0</u>
Fund Cash Balances, December 31, 2000	<u><u>\$3,000</u></u>

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

**Lexington 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**

	General	Special Revenue	Debt Service	Total (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$6,870	\$556,499	\$53,370	\$616,739
Charges for Services	0	200	0	200
Licenses, Permits and Fees	24,080	0	0	24,080
Fines and Forfeitures	21,512	0	0	21,512
Intergovernmental Receipts	110,471	131,488	0	241,959
Interest	11,775	1,062	0	12,837
All Other Receipts	532	2,945	0	3,477
<b>Total Cash Receipts</b>	<b>175,240</b>	<b>692,194</b>	<b>53,370</b>	<b>920,804</b>
<b>Cash Disbursements</b>				
General Government	152,038	0	0	152,038
Public Safety	9,250	298,889	0	308,139
Public Works	0	297,396	0	297,396
Health	39,556	0	0	39,556
Capital Outlay	8,850	93,135	0	101,985
Debt Service:				
Principal	0	0	50,000	50,000
Interest and Fiscal Charges	0	0	3,370	3,370
<b>Total Cash Disbursements</b>	<b>209,694</b>	<b>689,420</b>	<b>53,370</b>	<b>952,484</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>(34,454)</b>	<b>2,774</b>	<b>0</b>	<b>(31,680)</b>
<b>Fund Cash Balances, January 1, 1999</b> (Restated, See Note 2)	<b>97,909</b>	<b>263,670</b>	<b>0</b>	<b>361,579</b>
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$63,455</b>	<b>\$266,444</b>	<b>\$0</b>	<b>\$329,899</b>
Reserve for Encumbrances	\$534	\$5,605	\$0	\$6,139

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

**Lexington Township**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Fiduciary Fund Types**  
**For the Year Ended December 31, 1999**

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	<u>Agency</u>
Operating Receipts	<u>\$0</u>
Total Operating Receipts	<u>0</u>
Operating Disbursements	
Other	<u>4,000</u>
Total Cash Disbursements	<u>4,000</u>
Net (Loss)	(4,000)
Fund Cash Balances, January 1, 1998	<u>4,000</u>
Fund Cash Balances, December 31, 2000	<u><u>\$0</u></u>

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

LEXINGTON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Lexington 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. The Township provides general governmental services, including maintenance and repair of roads and fire protection. The Township contracts with the Stark County Sheriff's Department to provide security of persons and property.

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. Accordingly, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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:

**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 legally restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline taxes from the County Auditor for maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property taxes from the County Auditor for maintaining and repairing Township roads and bridges.

LEXINGTON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

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

Road District Fund – This fund receives property taxes from the County Auditor for maintaining and repairing Township roads.

Police District Fund – This fund receives funds from a tax levy that was approved by Township residents for contracted police protection.

Fire District Fund - This fund receives funds from a tax levy that was approved by Township residents for fire protection.

**Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Township had a General Note Retirement Fund which is used to pay debt incurred to purchase a fire truck.

**Fiduciary Fund (Agency Fund)** – Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township has a Fire Demolition Fund, which was established to account for the receipt and disbursement of fire damage bonds.

D. Cash and Investments

Investments are valued at cost.

E. Budgetary Process

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

**Appropriations** - Budgetary expenditures (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 2000 and 1999 budgetary activity appears in Note 3.

LEXINGTON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

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

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.

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, 2000 was \$16,123 and at December 31, 1999 was \$16,899.

Deposits are insured by the Federal Depository Insurance Corporation.

3. **INVESTMENTS**

The Township's investments at December 31, 2000 and December 31, 1999 were overnight repurchase agreements for \$305,000 and \$313,000 respectively. These investments are uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Township's name.

4. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 was as follows:

2000 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 148,786	\$193,976	\$45,190
Special Revenue	695,275	720,214	24,939
Debt Service	<u>51,685</u>	<u>51,685</u>	<u>0</u>
Total	<u>\$895,746</u>	<u>\$965,875</u>	<u>\$70,129</u>



LEXINGTON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

4. **BUDGETARY ACTIVITY** (continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure</u>	<u>Variance</u>
General	\$ 211,707	\$191,226	\$ 20,481
Special Revenue	956,187	741,317	214,870
Debt Service	<u>51,685</u>	<u>45,141</u>	<u>6,544</u>
Total	<u>\$1,219,579</u>	<u>\$977,684</u>	<u>\$241,895</u>

1999 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 215,045	\$175,240	\$ (39,805)
Special Revenue	1,001,220	692,194	(309,026)
Debt Service	<u>53,370</u>	<u>53,370</u>	<u>0</u>
Total	<u>\$1,269,635</u>	<u>\$920,804</u>	<u>\$(348,831)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure</u>	<u>Variance</u>
General	\$210,590	\$209,694	\$ 896
Special Revenue	1,000,093	689,420	310,673
Debt Service	<u>53,370</u>	<u>53,370</u>	<u>0</u>
Total	<u>\$1,264,053</u>	<u>\$952,484</u>	<u>\$311,569</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. The second half payment is due the following June 20.

LEXINGTON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

5. **PROPERTY TAX** (continued)

Tangible personal property tax is assessed to 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.

6. **DEBT**

As of December 31, 2000, the Township had paid off a fire truck note and had no outstanding debt.

7. **RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio, PERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215 or by calling (614)466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. In 2000, the Retirement Board instituted a temporary employer contribution rollback. The rollback was 20%. The 2000 employer contribution rate was 10.84% of covered payroll. The 1999 employer contribution rate was 13.55% of covered payroll. The Township has paid all contributions required through December 31, 2000.

8. **RISK MANAGEMENT**

The Township has obtained commercial insurance through the Ohio Township Risk Association Management Authority for the following risks:

- a. Comprehensive property and general liability
- b. Public officials and employee liability
- c. Vehicles

The Township also provides health insurance for all Township employees through a private carrier.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Lexington Township, Stark County  
14555 Gaskill Drive, NE  
Alliance, OH 44601

We have audited the financial statements of Lexington Township, Stark County (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 29, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 operations that we consider to be material weaknesses.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** (continued)

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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

June 29, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140  
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800-282-0370  
Facsimile 614-466-4490

**LEXINGTON 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  
AUGUST 9, 2001**