



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GOSHEN TOWNSHIP
MAHONING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen 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 June 16, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 16, 2002

**GOSHEN TOWNSHIP
MAHONING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$95,926	\$305,192		\$401,118
Charges for Services	26,217			26,217
Fines and Forfeitures	1,144	1,739		2,883
Licenses, Permits, and Fees	14,176			14,176
Intergovernmental	79,624	109,479	88,494	277,597
Special Assessments		4,557		4,557
Earnings on Investments	16,669	1,644		18,313
Other Revenue	16,101	1,940		18,041
	<u>249,857</u>	<u>424,551</u>	<u>88,494</u>	<u>762,902</u>
Cash Disbursements:				
Current:				
General Government	137,730	4,099		141,829
Public Safety		313,429		313,429
Public Works	23,672	124,601		148,273
Health	15,008	1,050		16,058
Conservation - Recreation	117			117
Capital Outlay	246,009		88,494	334,503
Lease Principal Payments	21,639			21,639
Interest	2,015			2,015
	<u>446,190</u>	<u>443,179</u>	<u>88,494</u>	<u>977,863</u>
Total Receipts Over/(Under) Disbursements	<u>(196,333)</u>	<u>(18,628)</u>	<u>0</u>	<u>(214,961)</u>
Other Financing Receipts and (Disbursements):				
Sale of Assets		3,952		3,952
		<u>3,952</u>		<u>3,952</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(196,333)	(14,676)		(211,009)
Fund Cash Balances, January 1	373,860	139,036	0	512,896
Fund Cash Balances, December 31	<u><u>\$177,527</u></u>	<u><u>\$124,360</u></u>	<u><u>\$0</u></u>	<u><u>\$301,887</u></u>

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

**GOSHEN TOWNSHIP
MAHONING 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$90,547	\$282,308	\$372,855
Charges for Services	21,450		21,450
Licenses, Permits, and Fees	1,565	760	2,325
Fines and Forfeitures	10,691		10,691
Intergovernmental	263,698	107,493	371,191
Special Assessments		4,937	4,937
Earnings on Investments	15,107	2,489	17,596
Other Revenue	1,912	838	2,750
	<u>404,970</u>	<u>398,825</u>	<u>803,795</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	134,092	4,323	138,415
Public Safety		264,081	264,081
Public Works	1,102	131,638	132,740
Health	12,773		12,773
Conservation - Recreation	89		89
Capital Outlay	7,026	9,431	16,457
Lease Principal Payments	14,244	7,498	21,742
Interest	1,912		1,912
	<u>171,238</u>	<u>416,971</u>	<u>588,209</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>233,732</u>	<u>(18,146)</u>	<u>215,586</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	233,732	(18,146)	215,586
Fund Cash Balances, January 1	<u>140,128</u>	<u>157,182</u>	<u>297,310</u>
Fund Cash Balances, December 31	<u>\$373,860</u>	<u>\$139,036</u>	<u>\$512,896</u>

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

**GOSHEN TOWNSHIP
MAHONING COUNTY**

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

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

Investments are included in 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.

Repurchase Agreements (Sweep Account) are valued at cost. STAR Ohio is recorded at share values reported by STAR Ohio.

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:

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

Fire District Fund – This fund accounts for property tax money restricted to providing fire protection services and equipment.

**GOSHEN TOWNSHIP
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project 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 Project Fund:

Issue II Fund – This fund accounts for a grant the Township received from the State of Ohio to fund the Township's Kent/Seacrist Roads 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 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.

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

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.

**GOSHEN TOWNSHIP
MAHONING COUNTY**

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

	2001	2000
Demand deposits	(\$79,327)	(\$38,494)
Total deposits	(79,327)	(38,494)
STAR Ohio	87,971	101,440
Repurchase agreement	293,243	449,950
Total investments	381,214	551,390
Total deposits and investments	\$301,887	\$512,896

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. 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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$191,933	\$249,857	\$57,924
Special Revenue	422,848	428,503	5,655
Capital Projects	88,494	88,494	0
Total	\$703,275	\$766,854	\$63,579

2001 Budgeted vs. Actual Budgetary Basis Expenditures

	Budgeted	Actual	
Fund Type	Expenditures	Expenditures	Variance
General	\$0	\$446,190	(\$446,190)
Special Revenue	0	443,179	(443,179)
Capital Projects	0	88,494	(88,494)
Total	\$0	\$977,863	(\$977,863)

**GOSHEN TOWNSHIP
MAHONING COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$181,549	\$404,970	\$223,421
Special Revenue	392,008	398,825	6,817
Total	\$573,557	\$803,795	\$230,238

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$0	\$171,238	(\$171,238)
Special Revenue	0	416,971	(416,971)
Total	\$0	\$588,209	(\$588,209)

Contrary to Ohio Revised Code, the Township did not adopt permanent appropriations for 2001 and 2000. Though temporary appropriations were adopted for each year, these measures were adopted for the Township in the aggregate rather than by fund and further by function as required. Accordingly, there were no appropriations in effect during 2001 and 2000.

4. 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.

5. RETIREMENT SYSTEM

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

**GOSHEN TOWNSHIP
MAHONING COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS required members to contribute 8.5% of their gross salaries. However, the Board of Township Trustees passed a Resolution (dated March 25, 1985), requiring the Township to pay the members contributions. The Township also 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.

6. RISK MANAGEMENT

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 occurrence. 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, which the General Reinsurance Corporation will reinsure.

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.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

GOSHEN TOWNSHIP
MAHONING COUNTY

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

6. RISK MANAGEMENT (Continued)

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained Earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$ 5,011,131	\$ 4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained Earnings	<u>\$ 4,363,464</u>	<u>\$ 3,658,953</u>



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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 Trustees:

We have audited the accompanying financial statements of Goshen Township as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 16, 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 Goshen 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-41150-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 16, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goshen 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Goshen Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-41150-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. 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 16, 2002

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 16, 2002

**GOSHEN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2001-41150-001

**Noncompliance Citation
Reportable Condition**

Ohio Revised Code Section 5705.38 requires taxing units to pass a permanent appropriation measure on or about the first day of each year. If a taxing unit desires to postpone passage of the permanent appropriation measure, it may pass a temporary appropriation for meeting the ordinary expenses of the taxing unit until no later than April 1st. Division (C) further provides that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

Ohio Revised Code Section 5705.39 provides that the total appropriations are each fund should not exceed the total estimated resources. This section further provides that no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate of estimated resources.

For both 2000 and 2001, minute records of the Township reflect the adoption of temporary appropriations (\$700,000 and \$705,000, respectively). However, minute records indicate temporary appropriations were adopted for the Township in the aggregate rather than by fund and further by office, department and divisions as required by the above sections. The required county auditor certifications were also not obtained. Further, minute records of the Township do not reflect the adoption of permanent appropriations for either 2000 or 2001. As a result, no appropriations were in effect during 2001 and 2000, and all expenditures during 2001 and 2000 exceeded appropriations.

Because of the foregoing situation, Township appropriations are reflected as \$0 for both 2000 and 2001 in the budgetary footnote.

The Board should ensure that, at a minimum, appropriations are adopted at the level required by Ohio Revised Code. Further, as the Board speaks through its minute record, Township Trustees should assure that Township appropriation measures are fully reflected on Township minute records.



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 30, 2002**