



**CHARDON TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Chardon Township
Geauga County
9949 Mentor Road
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the Chardon Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Chardon Township, Geauga County, as of December 31, 1999 and December 31, 1998, 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 March 10, 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, the Board of 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.

Jim Petro
Auditor of State

March 10, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$86,847	\$334,839		\$421,686
Intergovernmental	118,967	107,537		226,504
Licenses, Permits, and Fees	14,350	1,510		15,860
Earnings on Investments	62,029	983	\$14	63,026
Other Revenue	6,618	977		7,595
	<u>288,811</u>	<u>445,846</u>	<u>14</u>	<u>734,671</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	123,949	88,239		212,188
Public Safety	44,628			44,628
Public Works	38,643	323,001		361,644
Health	30,162	1,192		31,354
Capital Outlay	114,976			114,976
	<u>352,358</u>	<u>412,432</u>	<u>0</u>	<u>764,790</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(63,547)</u>	<u>33,414</u>	<u>14</u>	<u>(30,119)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	<u>50</u>			<u>50</u>
Total Other Financing Receipts/(Disbursements)	<u>50</u>	<u>0</u>	<u>0</u>	<u>50</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(63,497)	33,414	14	(30,069)
Fund Cash Balances, January 1	<u>1,040,015</u>	<u>128,718</u>	<u>938</u>	<u>1,169,671</u>
Fund Cash Balances, December 31	<u>\$976,518</u>	<u>\$162,132</u>	<u>\$952</u>	<u>\$1,139,602</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$2,280</u>	<u>\$0</u>	<u>\$2,280</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 AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$84,212	\$326,581		\$410,793
Intergovernmental	149,400	100,513		249,913
Licenses, Permits, and Fees	20,740	1,605		22,345
Earnings on Investments	81,194	1,117	\$20	82,331
Other Revenue	586	675		1,261
	<u>336,132</u>	<u>430,491</u>	<u>20</u>	<u>766,643</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	140,700	90,740		231,440
Public Safety	30,169			30,169
Public Works	415,227	279,780		695,007
Health	33,627	1,453		35,080
Capital Outlay	150,893			150,893
	<u>770,616</u>	<u>371,973</u>	<u>0</u>	<u>1,142,589</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(434,484)</u>	<u>58,518</u>	<u>20</u>	<u>(375,946)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	<u>14,215</u>			<u>14,215</u>
Total Other Financing Receipts/(Disbursements)	<u>14,215</u>	<u>0</u>	<u>0</u>	<u>14,215</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(420,269)	58,518	20	(361,731)
Fund Cash Balances, January 1	<u>1,460,284</u>	<u>70,200</u>	<u>918</u>	<u>1,531,402</u>
Fund Cash Balances, December 31	<u>\$1,040,015</u>	<u>\$128,718</u>	<u>\$938</u>	<u>\$1,169,671</u>
Reserve for Encumbrances, December 31	<u>\$4,275</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,275</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

Chardon Township, Geauga 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 building, zoning, safety services, and park operations (leisure time activities). The Township contracts with the Chardon Volunteer fire department to provide fire service and ambulance 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 (State of Ohio Treasurer's investment pool) is valued at amounts reported by the State Treasurer and the sweep account is valued at cost. The sweep account invests in federal agency notes.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its fund as follows:

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 Fund

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 - This fund receives property tax money for constructing, maintaining and repairing Township roads.

Fire Levy - This fund receives property tax money to provide fire protection to Township residents.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Township had the following significant Non-Expendable trust fund:

Cemetery Trust - This is a Cemetery Bequest fund to be used to maintain certain grave sites in the Township cemetery.

E. Budgetary Process

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

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. 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 re-appropriated.

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 cash 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	\$27,945	\$19,783
Total deposits	<u>27,945</u>	<u>19,783</u>
Star Ohio	1,055,298	1,119,116
Government National Mortgage Association	0	30,772
Federal National Mortgage Association	56,359	0
Total investments	<u>1,111,657</u>	<u>1,149,888</u>
Total deposits and investments	<u>\$1,139,602</u>	<u>\$1,169,671</u>

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

Investments: The Federal Agency securities are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. 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 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$237,864	\$288,861	\$50,997
Special Revenue	450,683	445,846	(4,837)
Fiduciary	<u>15</u>	<u>14</u>	<u>(1)</u>
Total	<u>\$688,562</u>	<u>\$734,721</u>	<u>\$46,159</u>

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

3. Budgetary Activity (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,277,879	\$352,358	\$925,521
Special Revenue	579,400	414,712	164,688
Fiduciary	<u>948</u>	<u>0</u>	<u>948</u>
Total	<u>\$1,858,227</u>	<u>\$767,070</u>	<u>\$1,091,157</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$251,586	\$350,347	\$98,761
Special Revenue	429,780	430,491	711
Fiduciary	<u>15</u>	<u>20</u>	<u>5</u>
Total	<u>\$681,381</u>	<u>\$780,858</u>	<u>\$99,477</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,711,871	\$774,891	\$936,980
Special Revenue	499,980	371,973	128,007
Fiduciary	<u>933</u>	<u>0</u>	<u>933</u>
Total	<u>\$2,212,784</u>	<u>\$1,146,864</u>	<u>\$1,065,920</u>

4. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement Systems (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 1999 and 1998, members of PERS contributed 8.5% of their wages to the PERS. The Township contributed an amount equal to 13.55% of participants' wages. The Township has paid all contributions required through December 31, 1999.

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

5. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The following are the risk covered by OTARMA:

- Comprehensive property and general liability
- Errors and omissions
- Fire and Theft.

The Township also provides health insurance to full-time employees through the Geauga County Commissioners insurance carrier.

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

Chardon Township
Geauga County
9949 Mentor Road
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the financial statements of the Chardon Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 10, 2000. We conducted our audits 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 audits, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of Township in a separate letter dated March 10, 2000.

Chardon Township
Geauga County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended 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

March 10, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CHARDON TOWNSHIP

GEAUGA 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 18, 2000**