



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



JOHNSTON TOWNSHIP  
TRUMBULL COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Johnston Township  
Trumbull County  
P.O. Box 639  
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Johnston Township (the Township) as of and for the years ended December 31, 2001 and December 31, 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 and reserves for encumbrances of the Township as of December 31, 2001 and December 31, 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 May 6, 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 the audit committee, 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".

**Jim Petro**  
Auditor of State

May 6, 2002

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**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

**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**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$62,989	\$57,500	\$41,333		\$161,822
Intergovernmental	54,380	111,319	9,069	48,990	223,758
Special Assessments				7,200	7,200
Charges for Services		143,048			143,048
Licenses, Permits, and Fees	2,630	3,200			5,830
Fines, Forfeitures, and Penalties	4,417	646			5,063
Earnings on Investments	12,281	2,213			14,631
Other Revenue	34,791	5,664			40,455
<b>Total Cash Receipts</b>	<b>171,488</b>	<b>323,590</b>	<b>50,402</b>	<b>56,190</b>	<b>601,807</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	91,974	208,540			300,514
Public Safety	41,790	36,397			78,187
Public Works		59,077			59,077
Health	496	11,381			11,943
Conservation - Recreation	7,644				7,644
Debt Service:					
Redemption of Principal			31,885		31,885
Interest and Fiscal Charges			10,640		10,640
Capital Outlay	62,386	143,502		56,190	262,078
<b>Total Cash Disbursements</b>	<b>204,290</b>	<b>458,897</b>	<b>42,525</b>	<b>56,190</b>	<b>761,968</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(32,802)</b>	<b>(135,307)</b>	<b>7,877</b>	<b>71</b>	<b>(160,161)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds					0
Sale of Notes	18,500	63,500			82,000
Sale of Fixed Assets	7,400	30,000			37,400
Transfers-In			7,400		7,400
Transfers-Out	(7,400)				(7,400)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>18,500</b>	<b>93,500</b>	<b>7,400</b>		<b>119,400</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(14,302)</b>	<b>(41,807)</b>	<b>15,277</b>	<b>71</b>	<b>(40,761)</b>
Fund Cash Balances, January 1, 2001	126,277	229,298	60	3,429	359,064
<b>Fund Cash Balances, December 31, 2001</b>	<b>\$111,975</b>	<b>\$187,491</b>	<b>\$15,337</b>	<b>\$3,500</b>	<b>\$318,303</b>

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

JOHNSTON TOWNSHIP  
TRUMBULL COUNTY

**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, 2000**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$65,069	\$81,152	\$11,701		\$157,922
Intergovernmental	62,601	71,516			134,117
Charges for Services		83,268			83,268
Licenses, Permits, and Fees	11,479	7,025			18,504
Fines, Forfeitures, and Penalties	2,238	120			2,358
Earnings on Investments	12,811	2,577		153	15,541
Other Revenue	20,207	25,169			45,376
<b>Total Cash Receipts</b>	<b>174,405</b>	<b>270,827</b>	<b>11,701</b>	<b>153</b>	<b>457,086</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	92,655	141,152			233,807
Public Safety	22,683	6,005			28,688
Public Works	569	39,897			40,466
Health	2,411	6,094		98	8,603
Conservation - Recreation	4,952				4,952
Debt Service:					
Redemption of Principal		7,143	10,550		17,693
Interest and Fiscal Charges		1,926	1,147		3,073
Capital Outlay		227,148			227,148
<b>Total Cash Disbursements</b>	<b>123,270</b>	<b>429,365</b>	<b>11,697</b>	<b>98</b>	<b>564,430</b>
Total Receipts Over/(Under) Disbursements	51,135	(158,538)	4	55	(107,344)
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes		226,990			226,990
Transfers-In		19,459			19,459
Transfers-Out	(19,459)				(19,459)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(19,459)</b>	<b>246,449</b>			<b>226,990</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,676	87,911	4	55	119,646
Fund Cash Balances, January 1, 2000	94,601	141,387	56	3,374	239,418
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$126,277</b>	<b>\$229,298</b>	<b>\$60</b>	<b>\$3,429</b>	<b>\$359,064</b>
Reserve for Encumbrances, December 31, 2000	\$2,060	\$2,483			\$4,543

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



**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Johnston Township, Trumbull 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, police protection and emergency medical 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.

Certificates of deposit, are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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:

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

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

*Road and Bridge Fund* - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

*Special Levy Fire* - This fund receives property tax money for the general operation of the fire department.

*Gasoline Tax Fund* - This fund receives gasoline tax money to construct, maintain and repair Township roads.

*Emergency Vehicle Fund* - This fund receives property tax money and charges for services receipts for the general operation of the ambulance.

**1. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of note indebtedness.

**4. Capital Projects Funds**

These funds are 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 projects funds:

*Issue II Love Warner Phase I Fund* - The Township received a grant from the State of Ohio to complete phase I of a safety upgrade to Love Warner Road.

*Issue II Love Warner Phase II Fund* - The Township received a loan from the State of Ohio to complete phase II of a safety upgrade to Love Warner Road.

**5. Fiduciary Funds (Expendable Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had four expendable trust cemetery bequest funds.

**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 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.

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

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

**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 December 31, 2001 and December 31, 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.

**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 and investments at December 31 was as follows:

	2001	2000
Demand deposits	(\$54,275)	(\$14,264)
Certificates of deposit	2,416	102,416
Total deposits	(54,275)	(14,264)
STAR Ohio	141,002	115,498
Repurchase agreement	229,160	155,414
Total investments	372,578	373,328
Total deposits and investments	\$318,303	\$359,064

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,467	\$197,388	\$39,921
Special Revenue	396,787	417,090	20,303
Debt Service	50,405	57,802	7,397
Capital Projects	164,880	56,190	(108,690)
Fiduciary	145	137	(8)
Total	\$769,684	\$728,607	(\$41,077)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,060	\$211,690	(\$209,630)
Special Revenue	2,483	458,897	(456,414)
Debt Service	0	42,525	(42,525)
Capital Projects	0	56,190	(56,190)
Fiduciary	0	66	(66)
Total	\$4,543	\$769,368	(\$764,825)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,220	\$174,405	\$39,185
Special Revenue	249,554	517,276	267,722
Debt Service	11,701	11,701	0
Capital Projects	97,980	0	(97,980)
Fiduciary	150	153	3
Total	\$494,605	\$703,535	\$208,930

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

**3. BUDGETARY ACTIVITY** (continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,951	\$144,789	\$84,162
Special Revenue	318,302	431,848	(113,546)
Debt Service	11,758	11,697	61
Capital Projects	0	0	0
Fiduciary	499	98	401
Total	\$559,510	\$588,432	(\$28,922)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2001 and in the Fire and Step Grant Funds by \$172,307 and \$6,209 respectively for the year ended December 31, 2000. In addition the Township did not pass permanent appropriations by April 1, 2001 or file it with the County Auditor.

**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 payment, 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**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$28,571	4.43%
Lease Purchase Agreement	207,260	5.20%
General Obligation Notes	37,382	4.85%
General Obligation Notes	45,500	5.01%
General Obligation Notes	66,650	0.00%
Total	\$385,363	

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

**5. DEBT (continued)**

General obligation notes were issued in 1998 to finance the purchase of a dump truck to be used for Township road maintenance. A Lease/Purchase Agreement was entered between the Township and Laurel Mountain Leasing in 2000 for the purchase of a Pumper Truck to be used by the Township's Fire Department. Two issuances of General Obligation notes were entered in 2001 to purchase a Backhoe to be used for Township road maintenance and to purchase an ambulance for emergency medical services. Also in 2001, the Township also entered into a loan agreement with Ohio Public Works Commission to finance Phase II of the Love Warner Road Safety Upgrade.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes Dump Truck	Lease Purchase Agreement Fire Truck	General Obligation Notes Backhoe	General Obligation Notes Ambulance	OPWC Love Warner Road
2002	\$8,426	\$29,639	\$11,159	\$12,856	\$3,333
2003	8,105	29,639	10,705	12,856	6,665
2004	7,786	29,639	10,252	12,856	6,665
2005	7,464	29,639	9,799	12,856	6,665
2006		29,639			6,665
2007 – 2012		118,558			36,657
Total	<u>\$31,781</u>	<u>\$266,753</u>	<u>\$41,915</u>	<u>\$51,424</u>	<u>\$66,650</u>

**6. RETIREMENT SYSTEMS**

The Township's elected and appointed officials and 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 survivorship and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code for 2001 and 2000. PERS members contributed 8.5% of their gross salaries. The Township 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 not paid all contributions required through December 31, 2001, contrary to Ohio Rev. Code Section 145.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority. The plan assumes the risk of loss up to the limits of the Township policy. The following risks are covered by the plan:

- General liability
- Public officials' liability

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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

**7. RISK MANAGEMENT** (continued)

- Police professional liability
- Automobile
- Township property coverage

The Township also has insurance for the Fire Department through VFIS Trust. The following risks are covered by the plan:

- Loss of Life
- Lump Sum Living Benefits
- Weekly Income Benefits
- Occupational Retraining Benefits
- Medical Expense Benefits

The Township has obtained commercial insurance for Error and Omissions.

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

Johnston Township  
Trumbull County  
P.O. Box 639  
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Johnston Township, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 6, 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 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 instances of noncompliance that are required to be reported under *Governmental Auditing Standards* which are described in the accompanying schedule of findings as items 2001-41178-001 to 2001-41178-005. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 6, 2002.

**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 May 6, 2002.

This report is intended solely for the information and use of the 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 cursive "Petro".

**Jim Petro**  
Auditor of State

May 6, 2002

JOHNSTON TOWNSHIP  
TRUMBULL COUNTY

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

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

Noncompliance Citations

FINDING NUMBER 2001-41178-001

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal office must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may issue a warrant upon completing a then and now certificate, but may authorize it to be paid without affirmation of the Board of Trustees.

Proper certification was not obtained in 50% of the expenditures tested. In addition, blanket purchase orders were not certified by signature of the Clerk or approved by the Board of Trustees for the first seven months of 2000.

Unless the certification meets one of the two above exceptions, the Clerk should certify funds before the Township's monies are obligated using a regular or blanket certificate (as further permitted by ORC 5705.41(D)). This certificate should be signed by the Township Clerk.

FINDING NUMBER 2001-41178-002

**Ohio Rev. Code Section 5705.38** states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Township did not pass a permanent appropriation resolution detailing appropriations at the appropriate level of control before April 1, 2001.

The Township Clerk should ensure that a permanent appropriation measure is presented to and approved by the Board of Trustees before the required date and filed with the County Budget Commission.

**FINDING NUMBER 2001-41178-003**

**Ohio Rev. Code Section 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in all funds in 2001 and in the Fire Fund and in the Step Grant Fund at year ended December 31, 2000. The unfavorable variances are noted below:

*Year Ended 2001*

<b>Fund</b>	<b>Total Carryover Encumbrances &amp; Appropriations</b>	<b>Total Budgetary Expenditures</b>	<b>Unfavorable Variance</b>
General Fund	\$2,060	\$211,690	(\$209,630)
Special Revenue Fund	2,483	458,897	(456,414)
Capital Projects Fund	0	56,190	(56,190)
Debt Service Fund	0	42,525	(42,525)
Fiduciary Funds	0	66	(66)

*Year Ended 2000*

<b>Fund</b>	<b>Total Appropriations</b>	<b>Total Actual Expenditures</b>	<b>Unfavorable Variance</b>
Fire Fund	\$115,442	\$287,749	(\$172,307)
Step Grant Fund	0	6,209	(6,209)

The Township should monitor expenditures throughout the year at the budgetary level of control to ensure that they do not exceed appropriations approved by the Board of Trustees.

**FINDING NUMBER 2001-41178-004**

**Ohio Revised Code Section 5705.10** states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. Also, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The following adjustments are reflected on the December 31, 2001 and December 31, 2000 financial statements due to posting receipts to the incorrect funds and line items. These audit adjustments have also been posted by the Clerk to the 2002 beginning cash balances.

December 31, 2001

- A. County gasoline tax of \$1,474 was not properly posted to the intergovernmental line item in the Gasoline Tax Fund.

**FINDING NUMBER 2001-41178-004**  
**(Continued)**

- B. County motor vehicle tax of \$2,608 were not properly posted to the intergovernmental line item in the Motor Vehicle Tax Fund.
- C. An EMS contract payment of \$16,500 received from Gustavus Township was not posted properly in the Charges for Services line item in the Emergency Vehicle Fund.
- D. Sale of asset receipts of \$7,400 were improperly posted to the General Bond Note Retirement Fund rather than the General Fund.
- E. Inheritance tax of \$2,690 was not properly posted to the intergovernmental line item in the General Fund.
- F. Rollback and Homestead receipts related to the fire levy of \$2,101 were not properly posted as intergovernmental receipts to the Special Levy Fire Fund.
- G. Step Grant receipts of \$25,685 were improperly posted as a Capital Projects fund type rather than a Special Revenue fund type.

December 31, 2000

- A. The Local Law Enforcement Block Grant of \$2,377 were improperly posted as a Capital Projects fund type rather than a Special Revenue fund type.
- B. Step Grant receipts of \$6,005 were improperly posted as a Capital Projects fund type rather than a Special Revenue fund type.
- C. Rollback and Homestead receipts of \$11,834 related to the property taxes posted to the Road and Bridge Fund, the Emergency Vehicle Fund, and the Fire Fund were improperly posted to the General Fund.

The Clerk should review the Ohio Township Manual, the Ohio Revised Code, and the Ohio Administrative Code to ensure that he is posting receipts for specific purposes in the correct funds.

**FINDING NUMBER 2001-41178-005**

**Ohio Rev. Code Section 145** defines the requirements of the Public Employees Retirement System (PERS). The section requires governments to enroll their employees in PERS, withhold from the employee's wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to PERS the amounts withheld, matched with the appropriate percentage of employer matching contributions.

**FINDING NUMBER 2001-41178-005**  
**(Continued)**

During 2001 and 2000 the employee and employer portions of PERS were not properly calculated and withheld based on the following employee's gross payroll and remitted to PERS.

<b>Year</b>	<b>Employee</b>	<b>Gross Payroll</b>	<b>2001 Actual Amount Paid to PERS</b>	<b>Proper amount of PERS to be paid per the Ohio Revised Code</b>	<b>Amount owed to PERS</b>
2001	Rolland A. Jones Jr.	\$18,060.00	\$1,339.49	\$3,112.30	\$1,772.81
2000	Rolland A. Jones Jr.	7,603.13	1,023.15	1,310.01	286.86
2000	James P. Stowers	2,100.00	87.34	349.35	262.01
					<b>\$2,421.85</b>

In 2002, The Township contacted PERS regarding the amount owed for James Stowers.

The Township should set up a payment plan with PERS which includes any accrued interest and penalties on the amounts stated above. Also the Township clerk should monitor payroll expenditures in the future to ensure that all required employees have PERS properly withheld and remitted as stated by the Ohio Revised Code.

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY  
JANUARY 01, 2000 THROUGH DECEMBER 31, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-41178-001	ORC 5705.41(D) Improper Certification of Funds	No	Based on substantive testing performed the material citation will be reissued.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**JOHNSTON TOWNSHIP**

**TRUMBULL 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**