



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

TABLE OF CONTENTS

Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	5
Statement of Cash Receipts, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	21

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Rootstown Township
Portage County
4268 Sandy Lake Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the accompanying financial statements of Rootstown 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 and reserves for encumbrances 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 May 23, 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 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 23, 2002

**ROOTSTOWN TOWNSHIP
PORTAGE 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$70,948	\$722,872	\$128,049	\$577	\$922,446
Intergovernmental	316,970	69,526			386,496
Charges for Services		13,051			13,051
Licenses, Permits, and Fees		13,025			13,025
Earnings on Investments	29,548	2,070		38,474	70,092
Other Revenue	54,706				54,706
Total Cash Receipts	<u>472,172</u>	<u>820,544</u>	<u>128,049</u>	<u>39,051</u>	<u>1,459,816</u>
Cash Disbursements:					
Current:					
General Government	435,005	12,250			447,255
Public Safety		380,172			380,172
Public Works		275,067			275,067
Health		7,461			7,461
Conservation - Recreation	11,942				11,942
Debt Service:					
Redemption of Principal				1,500,000	1,500,000
Interest and Fiscal Charges				28,125	28,125
Capital Outlay		71,329		120,501	191,830
Total Cash Disbursements	<u>446,947</u>	<u>746,279</u>	<u>0</u>	<u>1,648,626</u>	<u>2,841,852</u>
Total Receipts Over/(Under) Disbursements	<u>25,225</u>	<u>74,265</u>	<u>128,049</u>	<u>(1,609,575)</u>	<u>(1,382,036)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes				3,000,000	3,000,000
Transfers-In				75,000	75,000
Transfers-Out		(75,000)			(75,000)
Sale of Assets		318			318
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>(74,682)</u>	<u>0</u>	<u>3,075,000</u>	<u>3,000,318</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>25,225</u>	<u>(417)</u>	<u>128,049</u>	<u>1,465,425</u>	<u>1,618,282</u>
Fund Cash Balances, January 1	402,183	492,894	0	0	895,077
Fund Cash Balances, December 31	<u>\$427,408</u>	<u>\$492,477</u>	<u>\$128,049</u>	<u>\$1,465,425</u>	<u>\$2,513,359</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$1,560</u>	<u>\$0</u>	<u>\$1,527,796</u>	<u>\$1,529,356</u>

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust Fund</u>
Operating Cash Receipts:	
Interest	\$663
Fund Cash Balance, January 1	<u>10,928</u>
Fund Cash Balance, December 31	<u>\$11,591</u>

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

**ROOTSTOWN TOWNSHIP
PORTAGE 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$60,968	\$632,338	\$44,000	\$737,306
Intergovernmental	242,094			242,094
Special Assessments		53,323		53,323
Charges for Services		8,244		8,244
Licenses, Permits, and Fees	15,604	11,268		26,872
Earnings on Investments	44,094	3,080	1,155	48,329
Other Revenue	47,003	100		47,103
Total Cash Receipts	<u>409,763</u>	<u>708,353</u>	<u>45,155</u>	<u>1,163,271</u>
Cash Disbursements:				
Current:				
General Government	164,763	7,219		171,982
Public Safety		414,985		414,985
Public Works	15,000	278,617		293,617
Health		4,420		4,420
Conservation - Recreation	5,178			5,178
Debt Service:				
Redemption of Principal			44,000	44,000
Interest and Fiscal Charges			2,310	2,310
Capital Outlay	169,333	26,599		195,932
Total Cash Disbursements	<u>354,274</u>	<u>731,840</u>	<u>46,310</u>	<u>1,132,424</u>
Total Receipts Over/(Under) Disbursements	<u>55,489</u>	<u>(23,487)</u>	<u>(1,155)</u>	<u>30,847</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		19,100		19,100
Transfers-Out	(19,100)			(19,100)
Other Uses	(22)			(22)
Total Other Financing Receipts/(Disbursements)	<u>(19,122)</u>	<u>19,100</u>	<u>0</u>	<u>(22)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>36,367</u>	<u>(4,387)</u>	<u>(1,155)</u>	<u>30,825</u>
Fund Cash Balances, January 1	<u>365,816</u>	<u>497,281</u>	<u>1,155</u>	<u>864,252</u>
Fund Cash Balances, December 31	<u><u>\$402,183</u></u>	<u><u>\$492,894</u></u>	<u><u>\$0</u></u>	<u><u>\$895,077</u></u>

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Expendable Trust Fund</u>
Operating Cash Receipts:	
Interest	\$754
Fund Cash Balance, January 1	<u>10,174</u>
Fund Cash Balance, December 31	<u>\$10,928</u>

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rootstown Township, Portage 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 and emergency medical services. The Township contracts with Ravenna Township to provide dispatching services for the fire department.

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.

The investment in STAR Ohio (The State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

EMS/Fire Special Levy Fund - This fund receives property tax money for the operation of the fire and EMS department.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant debt service fund:

General Bond (Note) Retirement Fund - This fund receives property tax money for the payment of principal and interest on the 2000 purchase of a new fire truck.

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 fund:

Permanent Improvement Fund - This fund received money from a note issue for the construction of a new fire station.

5. Nonexpendable Trust Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant trust fund:

Cemetery Bequest Fund - This fund accounts for bequests left for the care of the cemetery. The principal must be kept intact, but the interest income may be expended.

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, 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.

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.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (Continued)

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.

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.

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	\$ 196,166	\$ 119,849
STAR Ohio	2,328,784	786,156
Total deposits and investments	\$ 2,524,950	\$ 906,005

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

Investments: 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 ended December 31, 2001 and 2000 follows:

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

3. BUDGETARY ACTIVITY (CONTINUED)

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 249,317	\$472,172	\$ 222,855
Special Revenue	797,107	820,862	23,755
Debt Service	142,771	128,049	(14,722)
Capital Projects	1,565,000	3,114,051	1,549,051
Fiduciary	400	663	263
Total	<u>\$ 2,754,595</u>	<u>\$ 4,535,797</u>	<u>\$ 1,781,202</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 481,400	\$ 446,947	\$ 34,453
Special Revenue	1,240,756	822,839	417,917
Capital Projects	3,065,000	3,176,422	(111,422)
Fiduciary	10,474	0	10,474
Total	<u>\$ 4,797,630</u>	<u>\$ 4,446,208</u>	<u>\$ 351,422</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 232,313	\$ 409,763	\$ 177,450
Special Revenue	738,803	727,453	(11,350)
Debt Service	45,155	45,155	0
Fiduciary	100	754	654
Total	<u>\$ 1,016,371</u>	<u>\$ 1,183,125</u>	<u>\$ 166,754</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 465,887	\$ 373,396	\$ 92,491
Special Revenue	1,284,102	731,840	552,262
Debt Service	46,310	46,310	0
Fiduciary	10,323	0	10,323
Total	<u>\$ 1,806,622</u>	<u>\$ 1,151,546</u>	<u>\$ 655,076</u>

Contrary to Ohio law, individual fund's appropriations exceeded the official certificate of estimated resources by the following amounts in 2000 and 2001:

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Year Ended December 31, 2001

<u>Fund</u>	<u>Amount exceeded</u>
Gasoline Tax Fund	\$ 2,020
Zoning Fund	\$ 2,250
Special Fire Levy Fund	\$ 4,907
Permissive Motor Vehicle License Tax Fund	\$ 4,959
Halstead Bequest Fund	\$ 8,273

Year Ended December 31, 2000

<u>Fund</u>	<u>Amount exceeded</u>
Road and Bridge Fund	\$ 65,364
Zoning Fund	\$ 6,790
Special Fire Levy Fund	\$ 56,011
Special Fire Levy Fund	\$ 5,165
Lighting Assessment Fund	\$ 2,635
General Bond Retirement Fund	\$ 1,155

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.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Fire Truck Purchase	\$ 165,924	
General Obligation Notes	1,500,000	2.20%
Total	\$ 1,665,924	

The fire truck purchase is for a new fire truck purchased in 2000. The Township pays \$55,308.05 per year for 5 years, and will own the truck after the last payment in 2004. The \$1,500,000 general obligation notes are for a new fire station. The Township will consider refinancing the notes into long-term bonds in 2002. The general obligation notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	Fire Truck	General Obligation Notes
2002	\$ 55,308	\$ 1,533,000
2003	55,308	
2004	55,308	
Total	\$ 165,924	\$ 1,533,000

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans.

These plans provide 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 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. 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 paid all contributions required through December 31, 2001 for the PERS fund, however, has not fully funded the OP&F. The Township has paid all new contributions during 2000 and 2001 to the OP&F, however, the Township is still delinquent in paying contributions from 1999 and 1998, contrary to Ohio Revised Code Section 742.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

7. 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 insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. 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 from the General Reinsurance Corporation. 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.

B. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding up \$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.

C. Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	<u>\$ 23,703,776</u>	<u>\$ 22,684,383</u>
Liabilities	\$ 9,379,003	\$ 8,924,977
Retained Earnings	<u>14,324,773</u>	<u>13,759,406</u>
Total Liabilities and Retained Earnings	<u>\$ 23,703,776</u>	<u>\$ 22,684,383</u>
 <u>Property Coverage</u>		
Assets	<u>\$ 5,011,131</u>	<u>\$ 4,156,784</u>
Liabilities	\$ 647,667	\$ 497,831
Retained Earnings	<u>4,363,464</u>	<u>3,658,953</u>
Total Liabilities and Retained Earnings	<u>\$ 5,011,131</u>	<u>\$ 4,156,784</u>

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

8. GASB 14-REPORTING ENTITY

The Rootstown Fire Company (the Company) provides services to the Township including training for fire department personnel and maintenance to the fire department building in exchange for quarterly payments from the Township. The Company is a nonprofit corporation, established in 1938, and is a related organization to the Township. Their financial information is not included in the Township's financial statements.

9. CONTINGENT LIABILITIES

The Township awarded contracts for the completion of a new Fire Station. As of December 31, 2001, the Township has only paid \$50,707. The Township has contracted for an additional \$1,415,847 for its completion. The Township has encumbered the entire balance in their financial statements (capital projects fund).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

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

Rootstown Township
Portage County
4268 Sandy Lake Road
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited the financial statements of Rootstown Township, Portage County, Ohio (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 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 *Government Auditing Standards* which are described in the accompanying schedule of findings as items *2001-41167-001 and 2001-41167-002*. We also noted certain other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 23, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items *2001-41167-003 and 2001-41167-004*.

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 none of the reportable conditions described above are material weaknesses. We also 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 23, 2002.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized and cursive.

Jim Petro
Auditor of State

May 23, 2002

**ROOTSTOWN TOWNSHIP
PORTAGE 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	2001-41167-001
-----------------------	-----------------------

Noncompliance Citation

The Ohio Revised Code Section 742 states that The Ohio Police and Fire Pension Fund requires payment of 19.5% for the employer's share of wages for all full-time firefighters, and 10% for the employee's share.

Per our correspondence with the Ohio Police and Fire Pension Fund, they stated that they had contacted the previous township clerk repeatedly, and that many of the payments for the employer and employee share of the pension were not made during 1998 or 1999. They stated that interest on past-due payments was already subjected to a 5% penalty, and is currently accruing interest at 8.25% annually.

A Controller for the Ohio Police and Fire Disability and Pension Fund stated that the township did not submit the payroll reports for 5 consecutive quarters from the second quarter of 1998 through the second quarter of 1999. The employer portion for the amount owed was estimated, and an exact figure cannot be made until these reports are submitted.

The Controller as of November 17, 2000 compiled a listing of the amount in arrears that is owed by the Township. The amount figured is \$43,604, which includes an estimate for the second quarter of 1998 to the second quarter of 1999 for the employer amounts. The \$43,604 does not include any amounts for April 1998 to June 1999 for the employee portion of the pension liability. Although the Township has paid all contributions for 2000 and 2001, the Township still has not paid these old outstanding balances for the pension fund.

The Township should submit the required payroll reports for the Second quarter of 1998 to the Second quarter of 1999. Then, after an exact figure is presented from all amounts owed, the township should pay this amount including all penalties and interest accrued on their account.

Finding Number	2001-41167-002
-----------------------	-----------------------

Noncompliance Citation

Sections 5705.36 and 5705.39 of the Ohio Revised Code provide that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the County Budget Commission.

In 2001, appropriations exceeded estimated resources in the Gasoline Tax Fund, Zoning Fund, the Special Fire Levy Fund, the Permissive Motor Vehicle License Tax Fund, and the Halstead Bequest Fund. In 2000, appropriations exceeded estimated resources in the Road and Bridge Fund, Zoning Fund, Special Levy Fire Protection Fund, the Lighting Assessment Fund, and the General Bond Retirement Fund.

2001 Appropriations vs. Estimated Resources

<u>Fund</u>	<u>Certificate of Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Gasoline Tax Fund	\$72,980	\$75,000	(\$2,020)
Zoning Fund	14,150	16,400	(2,250)
Special Fire Levy Fund	339,324	344,231	(4,907)
Permissive Motor Vehicle License tax Fund	98,447	103,406	(4,959)
Halstead Bequest Fund	2,201	10,474	(8,273)

2000 Appropriations vs. Estimated Resources

<u>Fund</u>	<u>Certificate of Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Road and Bridge Fund	\$262,723	\$328,087	(\$65,364)
Zoning Fund	8,843	15,633	(6,790)
Special Levy Fire Protection Fund	276,176	332,187	(56,011)
Special Levy Fire Protection Fund (1996)	437,280	442,445	(5,165)
Lighting Assessment Fund	6,944	9,579	(2,635)
General Bond Retirement Fund	46,310	47,465	(1,155)

Section 5705.36 of the Ohio Revised Code permits a subdivision to obtain an amended certificate from the Budget Commission for revenues received in excess of the prior estimate or from a new source. For each of the aforementioned funds, the Township could have obtained an amended certificate in an amount greater than total fund appropriations. A letter was received from the Portage County Budget Commission for both years stating that appropriations exceeded estimated resources.

We recommend the Township closely monitor estimated revenues and appropriations, and when necessary obtain amended certificates from the Budget Commission. Implementation of the above recommendation may help increase the Township's budgetary controls.

Finding Number	2001-41167-003
-----------------------	-----------------------

Reportable Condition -- Unclaimed Monies / Stale Dated Checks

The following are totals for stale dated checks listed on the Township's outstanding check listing for December 31, 2001:

Year	# of items	Total Amount
1996	2	\$ 139.08
1997	4	158.65
1998	18	14,345.05
1999	19	15,586.20
2000	7	4,981.76
1/1-9/30/01	4	<u>1,896.73</u>
Total	39	<u><u>\$ 37,107.47</u></u>

Thirty-one outstanding checks are made payable to either the Treasurer of State or to the Police and Fire Disability Pension Fund for retirement payments. These outstanding checks appear to be related to unfilled reports as noted in findings 2001-41167-001 and 2001-41167-004. We recommend that the Township Trustees and Clerk prepare the retirement reports and issue replacement Checks.

We also recommend that any remaining outstanding checks be considered unclaimed monies and be deposited to the credit of a trust fund and be retained there until claimed by its lawful owner (per MAS Bulletin 91-11). If not claimed within a period of five years, the money shall revert to the General Fund of the Township. The accounting treatment is as follows:

When the check becomes stale-dated (90 days from issue date) a memorandum pay-in should be made to the expendable trust fund - (later called agency) unclaimed monies, post the check number, name of the payee and identify the money as unclaimed, to the cash journal and receipt ledger. Do not reverse the original entry. You can now remove the check from the list of outstanding checks. If the rightful owner, claims the unpaid money, a check in the amount owed the individual will be paid from the trust fund by the Clerk. If the liability remains unclaimed for a period of five years from the date the money was placed in the trust fund, the money shall then be paid to the General Fund.

If, after the five-year period, the rightful owner claims the unpaid money, a check in the amount owed will be paid from the general fund.

We also recommend that the Township develop written policy guidelines to aid them in accounting for outstanding stale dated checks properly. It is recommended that your checks be printed with the statement "Void After 90 Days."

By performing the recommendation above, the Township may utilize judgement in the timing (six months or yearly instead of every three months) to help to ensure that all monies outstanding are accounted for properly. Also, by having these items removed from the reconciliation, the Township may be able to aid themselves in their reconciliation process.

<i>Finding Number</i>	2001-41167-004
------------------------------	-----------------------

Reportable Condition - Filing of Reports

In the prior audit we reported (finding 1999-41167-010) that certain payroll reports had not been filed for 1998 and 1999 with the Police and Fire Disability and Pension Fund.

From our testing, we noted that the Township did not file these reports, however, the Township did file the 2000 and 2001 reports.

We recommend that the Township file all past due reports and develop policies and tickler files for helping to ensure that due dates for future reports are met.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-41167-001	Ohio Revised Code 742- 1999 and 1998 payments to the Ohio Police and Fire Disability and Pension Fund were not made	No	Not Corrected. The Township is attempting to gather data to send. The Township paid all contributions for the 2000 and 2001 audit periods, but are still not up-to-date with the prior period contributions. This was reissued as finding # 2001-41167-001.
1999-41167-002	Ohio Revised Code 117.38- annual reports must be filed with the Auditor of State	Yes	
1999-41167-003	Ohio Revised Code 5705.41(D)- Encumbrance of Funds	No	Partially Corrected. Based on our testing, it appears that from March 2001 to December 2001, funds were being encumbered before expenditures were incurred. We reported this matter in the management letter.
1999-41167-004	Ohio Revised Code 149.351- Destruction of Records	Yes	
1999-41167-005	Ohio Revised Code 5705.36- obtaining a reduced amended certificate when needed	No	Not Corrected - Estimated Receipts were not significantly different from actual receipts during the audit period.
1999-41167-006	Ohio Administrative Code 117-3-08- Receipts and expenditures should be kept in a cash journal	Yes	
1999-41167-007	Ohio Administrative Code 117-3-09- A receipts ledger should be maintained	Yes	
1999-41167-008	Ohio Administrative Code 117-3-11- An appropriation ledger should be maintained	Yes	

Rootstown Township
 Portage County
 Schedule of Prior-Audit Findings
 Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-41167-009	Unclaimed Monies/Stale Dated Checks	No	Partially Corrected. After December 31, 2001, the Township voided the stale dated checks, however, the Township did not reissue checks that were needed to be paid to the Ohio Police and Fire Disability and Pension Fund. This was reissued as finding # 2001-41167-003.
1999-41167-010	Filing of Financial Reports	No	Partially Corrected. Appropriation measures were passed timely, most reports were filed with the County timely, and the 941 reports were filed with the IRS, however, the Ohio Police and Fire Disability Pension Fund reports were not yet filed. This was reissued as finding # 2001-41167-004.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ROOTSTOWN TOWNSHIP

PORTAGE 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 2, 2002**