



**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Rootstown Township
Portage County
3988 State Route 44
Rootstown, OH 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Rootstown Township, Portage County, Ohio, (the Township) as of and for the years ended December 30, 1999 and 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 30, 1999 and 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 22, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

Jim Petro
Auditor of State

March 22, 2001

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**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, 1999**

	<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	\$105,663	\$491,580	\$48,619		\$645,862
Intergovernmental	218,200	126,959		77,085	422,244
Special Assessments		20			20
Charges for Services		11,511			11,511
Fines, Forfeitures, and Penalties		4,223			4,223
Earnings on Investments	40,998	2,529			43,527
Other Revenue	35,634				35,634
	<u>400,495</u>	<u>636,822</u>	<u>48,619</u>	<u>77,085</u>	<u>1,163,021</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	149,537	11,093			160,630
Public Safety		341,472			341,472
Public Works	6,626	222,639			229,265
Health		8,518			8,518
Conservation - Recreation	2,269				2,269
Debt Service:					
Redemption of Principal			44,000		44,000
Interest and Fiscal Charges			3,465		3,465
Capital Outlay	95,386	113,189		77,085	285,660
	<u>253,818</u>	<u>696,911</u>	<u>47,465</u>	<u>77,085</u>	<u>1,075,279</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>146,677</u>	<u>(60,089)</u>	<u>1,154</u>		<u>87,742</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		2,237			2,237
Transfers-Out	(2,237)				(2,237)
	<u>(2,237)</u>	<u>2,237</u>			
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	144,440	(57,852)	1,154		87,742
Fund Cash Balances, January 1	221,376	555,133	1		776,510
Fund Cash Balances, December 31	<u>\$365,816</u>	<u>\$497,281</u>	<u>\$1,155</u>		<u>\$864,252</u>
Reserve for Encumbrances, December 31	<u>\$4,491</u>	<u>\$5,999</u>			<u>\$10,490</u>

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$251
Fund Cash Balances, January 1	<u>9,923</u>
Fund Cash Balances, December 31	<u><u>\$10,174</u></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, 1998**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$58,400	\$641,281			\$699,681
Intergovernmental	93,897	131,855		101,631	327,383
Special Assessments		2,422			2,422
Charges for Services		905			905
Licenses, Permits, and Fees		17,894			17,894
Earnings on Investments	36,189	2,322			38,511
Other Revenue	53,169	18,083			71,252
	<u>241,655</u>	<u>814,762</u>		<u>101,631</u>	<u>1,158,048</u>
Cash Disbursements:					
Current:					
General Government	160,131	8,207			168,338
Public Safety		371,014			371,014
Public Works	3,948	203,053			207,001
Health		11,025			11,025
Conservation - Recreation	6,300				6,300
Debt Service:					
Capital Outlay	6,464	118,152		101,631	226,247
	<u>176,843</u>	<u>711,451</u>		<u>101,631</u>	<u>989,925</u>
Total Cash Disbursements	<u>176,843</u>	<u>711,451</u>		<u>101,631</u>	<u>989,925</u>
Total Receipts Over Disbursements	<u>64,812</u>	<u>103,311</u>			<u>168,123</u>
Other Financing Receipts:					
Proceeds from Sale of Public Debt:					
Sale of Notes		88,000			88,000
Other Sources		11,714			11,714
		<u>99,714</u>			<u>99,714</u>
Total Other Financing Receipts		<u>99,714</u>			<u>99,714</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	64,812	203,025			267,837
Fund Cash Balances, January 1	156,564	352,108	1		508,673
Fund Cash Balances, December 31	<u>\$221,376</u>	<u>\$555,133</u>	<u>\$1</u>		<u>\$776,510</u>
Reserve for Encumbrances, December 31	<u>\$846</u>	<u>\$6,150</u>			<u>\$6,996</u>

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	\$44
Fund Cash Balances, January 1	<u>9,879</u>
Fund Cash Balances, December 31	<u><u>\$9,923</u></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, 1999 AND 1998**

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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire 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 reported as assets. 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 for constructing, maintaining and repairing Township roads and bridges.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Fire/EMS 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.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Issue II Fund - For 1999 and 1998 this fund was used to record the Ohio Public Works Commission (OPWC) share of Issue II grant.

5. Non-Expendable 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 requests 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.

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 properly utilize the encumbrance method of accounting.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 basis of accounting used by the Township.

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	\$66,081	\$1,777
STAR Ohio	<u>808,345</u>	<u>784,656</u>
Total deposits and investments	<u><u>\$874,426</u></u>	<u><u>\$786,433</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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 ending December 31, 1999 and December 31, 1998 follows:

Fund Type	1999 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$224,511	\$400,495	\$175,984
Special Revenue	748,970	639,059	(109,911)
Debt Service	46,310	48,619	2,309
Fiduciary Funds	400	251	(149)
Capital Projects	<u>100,000</u>	<u>77,085</u>	<u>(22,915)</u>
Total	<u><u>\$1,120,191</u></u>	<u><u>\$1,165,509</u></u>	<u><u>\$45,318</u></u>

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$465,887	\$260,546	\$205,341
Special Revenue	1,384,103	702,910	681,193
Debt Service	47,465	47,465	0
Capital Projects	0	77,085	(77,085)
Fiduciary	10,323	0	10,323
Total	<u>\$1,907,778</u>	<u>\$1,088,006</u>	<u>\$819,772</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,616	\$241,655	\$54,039
Special Revenue	767,211	914,476	147,265
Capital Projects	125,000	101,631	(23,369)
Fiduciary	400	44	(356)
Total	<u>\$1,080,227</u>	<u>\$1,257,806</u>	<u>\$177,579</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$364,180	\$177,689	\$186,491
Special Revenue	1,062,021	717,601	344,420
Capital Projects	125,000	101,631	23,369
Fiduciary	10,279	0	10,279
Total	<u>\$1,561,480</u>	<u>\$996,921</u>	<u>\$564,559</u>

The Township did not comply with the following budgetary requirements of the Ohio Revised Code:

Section 5705.41(D) state that the Township Clerk must certify that the amount required to meet 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, prior to the commitment being made. The Township Clerk did not properly certify expenditures.

Ohio Revised Code §5705.36 requires that a township is to obtain a reduced amended certificate of estimated resources when it is known that actual receipts will be less than estimated receipts. The township did not obtain a reduced certificate for several funds in 1998 and 1999 in which actual receipts were significantly less than estimated receipts.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

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.

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, 1999 was as follows:

	Principal	Interest Rate
Note for Ambulance Purchase	\$44,000	5%

The general obligation notes were issued to finance the purchase of a new ambulance to be used for the Township's fire and EMS department. The 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:	Note For Purchase of Ambulance
2000	\$46,200

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Disability and Pension Fund. (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township is required to contribute the employer portion of the PFDPF of 19.5%. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999 for the PERS fund, but has not fully funded the PFDPF through 1999 or 1998.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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

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's policy. The plan may assess supplemental premiums. The following risks are covered by the plan:

- Municipal general liability
- Public officials liability
- Municipal Automobile
- Municipal property coverage

The Township has obtained commercial insurance for the following risk:

- Errors and Omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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 non-profit corporation, established in 1938, and is a related organization to the Township. Their financial information is not included in the Township's financial statements.



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

Rootstown Township
Portage County
3988 State Route 44
Rootstown, OH 44272

To the Board of Trustees:

We have audited the accompanying financial statements of Rootstown Township, Portage 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 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 eight instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-41167-001 through 1999-41167-008. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 report that, in our judgment, could adversely affect Rootstown Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-41167-009 and 1999-41167-010.

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 matter 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 consider the two items, 1999-41167-09 and 1999-41167-010, described above to be 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 March 22, 2001.

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 22, 2001

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	1999-41167-001
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Noncompliance Citation

The Ohio Rev. Code Section 742 states that The Police and Fire Disability and Pension Fund requires payment of 24% for the employers share of wages for all full-time firefighters, and 10% for the employees share.

Per our correspondence with the 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.

The Controller for the 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 has compiled a listing of the amount in arrears that is owed by the Township. The amount figured is \$43,603.98, which includes an estimate for the second quarter of 1998 to the second quarter of 1999 for the employer amounts. The \$43,603.98 does not include any amounts for April 1998 to June 1999 for the employee portion of the pension liability.

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.

<i>Finding Number</i>	1999-41167-002
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Noncompliance Citation

Ohio Rev. Code Section 117.38, Filing of financial reports, states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

Rootstown Township did not file this report for 1998 or 1999.

We recommend that the Township file this report within 60 days of the fiscal year end.

<i>Finding Number</i>	1999-41167-003
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Noncompliance Citation

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 officer 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 certificate without affirmation for it to be paid from the Trustees.

We determined that in most instances, the date of the invoice preceded the date of the purchase order, and a then and now certificate was not utilized.

We recommend the Township properly encumber for all expenditures as required by the above code section by utilizing individual or blanket purchase orders.

<i>Finding Number</i>	1999-41167-004
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Noncompliance Citation

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office concerned, and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

Per our auditing procedures we determined that the Township's records were in disarray. We were unable to locate individual W-4 forms and retirement contribution forms that should be filled out prior to beginning employment, and two road improvement contracts signed by the vendor and the Township.

We recommend all public records be maintained by the Township until the Township's record commission follows the proper procedures for the destruction of records.

Finding Number	1999-41167-005
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Noncompliance Citation

Ohio Rev. Code Section 5705.36 requires that a township obtains a reduced amended certificate of estimated resources when it is known that actual receipts will be less than estimated receipts.

The Township should have been aware that there would be a reduction in their receipts. For 1999, the Township should have obtained a reduced certificate in the Special Revenue Fund and the Capital Projects Funds. In 1998, the Township should have obtained a reduced certificate in the Capital Projects Fund. The actual receipts in these funds were significantly below the budgeted receipts shown in the final certificate of estimated resources.

We recommend in the future that the Township more closely monitors budgeted vs. actual receipts and obtains amended certificates when necessary. Implementation of this recommendation should help the Clerk and Trustees to be more aware of the Township's budgetary status.

Finding Number	1999-41167-006
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Ohio Administrative Code § 117-3-08, provides that each township is to record each receipt and expenditure of township money in a cash journal. Inclusive of this Rule are the following:

At the close of each month, all "debit" and "credit" columns shall be totaled and the totals for the month shall be entered. In addition, year-to date totals shall be entered. The difference between the month's debits and credits shall be added to or subtracted from the previous month's balances and the new balances entered in the proper columns.

The total of all fund balances in the cash journal must reconcile with the cash balance. The total of all fund credits must reconcile with the total cash debit and the total of all fund debits must reconcile with the cash credit.

The Township did not maintain its cash journal as prescribed above as no transactions were posted from the middle of 1999 through April 2000.

Finding Number	1999-41167-007
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Ohio Administrative Code § 117-3-09, provides that each township is to maintain a receipts ledger. Inclusive of this Rule are the following:

The receipts ledger shall contain a separate sheet for each account established.

Each township shall post to each receipt account the estimated amount of money to be received into the account as specified by the County Budget Commission in its official estimate of balances and the receipts set forth in the certificate of estimated resources. These estimated amounts shall be entered in the "balance" column under the heading "memorandum".

When moneys are received, the amount is posted to the proper account in the receipt ledger and shall be entered in the "credit" column and subtracted from the budget estimated amount "balance". When properly posted this "balance" column will accurately show the amount of moneys still anticipated to be received for the calendar year.

<i>Finding Number</i>	1999-41167-007 (Continued)
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Appropriate columns shall be totaled and reconciled monthly and yearly.

The Township did not maintain its receipts ledger as prescribed above as no transactions were posted from mid 1999 through April 2000.

<i>Finding Number</i>	1999-41167-008
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Ohio Administrative Code § 117-3-11, provides that each township shall maintain an appropriation ledger. Inclusive in this Rule are the following:

The appropriation ledger shall contain a separate sheet for each account established and shall post to each appropriation account an amount equal to the amount appropriated for the account in the annual appropriation resolution.

Each expenditure or encumbrance charged against an appropriation shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. The name of the vendor or payee as it appears on the purchase order is entered in the "debit" column and also subtracted from the unencumbered balance. When the invoice is received from the vendor or payee and a warrant is written to meet the obligation, the name of the vendor or payee is again entered and the amount of the warrant is entered in the "amount of warrant" column. If the amount encumbered and the amount of the warrant are exactly the same, no other entry is made. However, if the amount entered to the "debit" column (amount encumbered) is different from the amount of the warrant, an adjustment must be made.

Appropriate columns shall be totaled and reconciled monthly and yearly.

The Township did not maintain its appropriation ledger as prescribed above as no transactions were posted from mid 1999 through April 2000.

<i>Finding Number</i>	1999-41167-009
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Material Weakness- Unclaimed Monies / Stale Dated Checks

The following are totals for stale dated checks listed on the Township's outstanding check listing for December 31, 1999:

<u>Year</u>	<u># of items</u>	<u>Total Amount</u>
1996	2	\$ 139
1997	4	159
1998	18	14,345
Jan-Sept 1999	<u>15</u>	<u>13,430</u>
Total	39	<u>\$ 28,073</u>

31 of the 39 outstanding checks are made payable to the either the Treasurer of State or to the Police and Firemen Disability Pension Fund for retirement payments. It should be noted that many of the checks listed above also appeared on the December 31, 1998 listing.

This leads to a relatively low reliance on control procedures used by the Township as a result of the length of time items are left outstanding on the reconciliation.

We recommend that the Township reviews the outstanding check list and reconciles the outstanding checks with outstanding payments owed. Outstanding checks that cannot be reconciled with outstanding payments can be considered unclaimed monies. The unclaimed monies should 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 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>	1999-41167-010
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Material Weakness- Filing of Financial Reports

Throughout our audit period we noted that the Township was not remitting reports in a timely manner.

These were the reports that we noted as not being filed in a timely manner:

- We noted that the permanent annual appropriation measures for 1999 were not passed timely.
- We also noted that the cash reports were not filed with the AOS, and various reports with the County's office were also late including the Fund Balance Report with the County Budget Commission, and the Certificate of Estimated Resources with the County Auditor.
- Also, some payroll reports have still not been filed for 1998 and 1999 with the Police and Fire Disability and Pension Fund, and the Clerk stated Federal form 941 from the first quarter of 1999 was never filed with the IRS.

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.



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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
MAY 31, 2001**