



**SANDY TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SANDY TOWNSHIP
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Sandy Township
Stark County
8170 Waynesburg Drive, SE
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, 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 April 27, 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 audits.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 27, 2001

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**SANDY TOWNSHIP
STARK 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	\$29,979	\$146,015	\$0	\$175,994
Intergovernmental	67,465	73,178		140,643
Special Assessments	1,076			1,076
Licenses, Permits, and Fees	361,890			361,890
Fines, Forfeitures, and Penalties	9,091			9,091
Earnings on Investments	23,735	1,321		25,056
Other	31,528	315		31,843
	<u>524,764</u>	<u>220,829</u>	<u>0</u>	<u>745,593</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	100,334			100,334
Public Safety	58,597	25,201		83,798
Public Works	332,058	105,460		437,518
Health	7,137			7,137
Debt Service:				
Redemption of Principal			47,933	47,933
Interest and Fiscal Charges			2,307	2,307
Capital Outlay	72,228	31,213		103,441
	<u>570,354</u>	<u>161,874</u>	<u>50,240</u>	<u>782,468</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(45,590)</u>	<u>58,955</u>	<u>(50,240)</u>	<u>(36,875)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			50,329	50,329
Transfers-Out	<u>(50,329)</u>			<u>(50,329)</u>
Total Other Financing Receipts/(Disbursements)	<u>(50,329)</u>	<u>0</u>	<u>50,329</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(95,919)	58,955	89	(36,875)
Fund Cash Balances, January 1,	<u>527,841</u>	<u>201,787</u>	<u>0</u>	<u>729,628</u>
Fund Cash Balances, December 31,	<u>\$431,922</u>	<u>\$260,742</u>	<u>\$89</u>	<u>\$692,753</u>
Reserves for Encumbrances, December 31,	<u>\$3,058</u>	<u>\$1,335</u>	<u>\$0</u>	<u>\$4,393</u>

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

**SANDY TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Non-Expendable Trust	Agency	
Cash Receipts:			
Earnings on Investments	\$152	\$0	\$152
Cash Disbursements:			
Miscellaneous	34	0	34
Total Cash Receipts Over Cash Disbursements	118	0	118
Fund Cash Balances, January 1	4,886	191	5,077
Fund Cash Balances, December 31	\$5,004	\$191	\$5,195
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

**SANDY TOWNSHIP
STARK 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>	
Cash Receipts:				
Local Taxes	\$21,423	\$88,492	\$0	\$109,915
Intergovernmental	45,737	72,962		118,699
Licenses, Permits, and Fees	361,199			361,199
Fines, Forfeitures, and Penalties	7,972			7,972
Earnings on Investments	25,760	1,535		27,295
Other	734	5,766		6,500
	<u>462,825</u>	<u>168,755</u>	<u>0</u>	<u>631,580</u>
Cash Disbursements:				
Current:				
General Government	80,265			80,265
Public Safety	45,048	27,506		72,554
Public Works	272,977	142,048		415,025
Health	7,069			7,069
Debt Service:				
Redemption of Principal			83,333	83,333
Interest and Fiscal Charges			6,450	6,450
Capital Outlay	131,803	5,060		136,863
	<u>537,162</u>	<u>174,614</u>	<u>89,783</u>	<u>801,559</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(74,337)</u>	<u>(5,859)</u>	<u>(89,783)</u>	<u>(169,979)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	25,000			25,000
Transfers-In			89,783	89,783
Transfers-Out	(89,783)			(89,783)
	<u>(64,783)</u>	<u>0</u>	<u>89,783</u>	<u>25,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(139,120)	(5,859)	0	(144,979)
Fund Cash Balances, January 1,	666,961	207,646	0	874,607
Fund Cash Balances, December 31,	<u>\$527,841</u>	<u>\$201,787</u>	<u>\$0</u>	<u>\$729,628</u>
Reserves for Encumbrances, December 31,	<u>\$15,928</u>	<u>\$33,010</u>	<u>\$0</u>	<u>\$48,938</u>

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

**SANDY TOWNSHIP
STARK COUNTY**

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

	Fiduciary Fund Types		Totals (Memorandum Only)
	Non-Expendable Trust	Agency	
Cash Receipts:			
Earnings on Investments	\$162	\$0	\$162
Cash Disbursements:			
Miscellaneous	32	0	32
Total Cash Receipts Over Cash Disbursements	130	0	130
Fund Cash Balances, January 1	4,756	191	4,947
Fund Cash Balances, December 31	\$4,886	\$191	\$5,077
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

**SANDY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sandy Township, Stark 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 maintenance and repair of Township roads and fire protection for its residents. Police protection is provided by the Stark County Sheriff's Department under an annual contract.

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

All cash is maintained in a checking account. The Township invested in a Certificate of Deposit.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax receipts for maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax receipts for maintaining and repairing Township roads and to pay the road superintendent's wages and part of the Trustees' salaries.

**SANDY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fire District Fund - This fund receives property tax receipts for maintenance of equipment used by the Volunteer Fire Department and for the salaries of the Fire Chief and Assistant Fire Chief.

3. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of note indebtedness. The Township had the following Debt Service Fund:

Note Retirement Fund - This fund was used to accumulate resources for the payment of principal and interest on the Township's town hall construction notes.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. Other trust funds are classified as Expendable. Funds for which the Township is acting in an agency capacity are classified as Agency Funds. The Township had the following significant Fiduciary Funds:

Endowment Trust Fund - This fund may use the interest from its original donation for the maintenance and care of the cemetery which is shared by Sandy and Rose Townships.

Unclaimed Money Fund - This fund accounts for receipts held by the Township until claimed by designated recipient.

E. Budgetary Process

Except for Agency Funds, 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 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.

**SANDY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$623,435	\$663,230
Certificate of Deposit	<u>74,513</u>	<u>71,475</u>
Total deposits	<u><u>\$697,948</u></u>	<u><u>\$734,705</u></u>

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

**SANDY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$514,118	\$524,764	\$10,646
Special Revenue	180,694	220,829	40,135
Debt Service	0	50,329	50,329
Nonexpendable Trust	150	152	2
Total	<u>\$694,962</u>	<u>\$796,074</u>	<u>\$101,112</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$939,187	\$623,741	\$315,446
Special Revenue	332,000	163,209	168,791
Debt Service	0	50,240	(50,240)
Nonexpendable Trust	100	34	66
Total	<u>\$1,271,287</u>	<u>\$837,224</u>	<u>\$434,063</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$475,085	\$487,825	\$12,740
Special Revenue	188,001	168,755	(19,246)
Debt Service	0	89,783	89,783
Nonexpendable Trust	175	162	(13)
Total	<u>\$663,261</u>	<u>\$746,525</u>	<u>\$83,264</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$878,627	\$642,873	\$235,754
Special Revenue	373,060	207,624	165,436
Debt Service	0	89,783	(89,783)
Nonexpendable Trust	100	32	68
Total	<u>\$1,251,787</u>	<u>\$940,312</u>	<u>\$311,475</u>

**SANDY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries in 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance through the Ohio Township Association Risk Management Agency (OTARMA) for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability
- Public officials' liability
- Employers' liability
- Employee benefits liability

The Township also provides health insurance through Anthem Blue Cross Blue Shield and dental and vision coverage through Security Life Insurance Company to its full-time employees.

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

Sandy Township
Stark County
8170 Waynesburg Drive, SE
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 27, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted 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 April 27, 2001.

Sandy Township
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SANDY TOWNSHIP

STARK 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
JUNE 26, 2001**