



**WINDHAM TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Windham Township
Portage County
9840 State Route 82
Windham, Ohio 44288

To the Board of Trustees:

We have audited the accompanying financial statements of Windham Township, Portage County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our 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 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board 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 24, 2000

**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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$28,961	\$97,289		\$126,250
Intergovernmental	139,629	63,098	\$120,560	323,287
Licenses, Permits, and Fees		8,463		8,463
Earnings on Investments	13,054	1,717		14,771
Other Revenue	4,764	19,200		23,964
	<u>186,408</u>	<u>189,767</u>	<u>120,560</u>	<u>496,735</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	59,644	980		60,624
Public Safety	1,139	41,568		42,707
Public Works		111,761		111,761
Health	16,990	5,815		22,804
Capital Outlay			120,560	120,560
	<u>77,772</u>	<u>160,124</u>	<u>120,560</u>	<u>358,456</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>108,636</u>	<u>29,643</u>	<u>0</u>	<u>138,279</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		5,770		5,770
Transfers-Out	(5,770)			(5,770)
	<u>(5,770)</u>	<u>5,770</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	102,866	35,413	0	138,279
Fund Cash Balances, January 1	<u>132,297</u>	<u>263,138</u>		<u>395,435</u>
Fund Cash Balances, December 31	<u>\$235,162</u>	<u>\$298,552</u>	<u>\$0</u>	<u>\$533,714</u>
Reserve for Encumbrances, December 31	<u>\$21,404</u>	<u>\$45,700</u>	<u>\$0</u>	<u>\$67,104</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL NONEXPENDABLE TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Interest	\$275		\$275
Other		\$1,725	1,725
	<u>275</u>	<u>1,725</u>	<u>2,000</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Supplies and Materials	99		99
Purchased Services		1,725	1,725
	<u>99</u>	<u>1,725</u>	<u>1,824</u>
Total Operating Cash Disbursements			
Operating Income	<u>176</u>	<u>0</u>	<u>176</u>
Net Receipts Over Disbursements	176	0	176
Fund Cash Balances, January 1	<u>8,210</u>		<u>8,210</u>
Fund Cash Balances, December 31	<u>\$8,386</u>	<u>\$0</u>	<u>\$8,386</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$25,212	\$103,400		\$128,612
Intergovernmental	95,043	61,230	\$64,965	221,238
Licenses, Permits, and Fees		9,977		9,977
Earnings on Investments	12,128	1,546		13,675
Other Revenue	7,472	14,981		22,453
	<u>139,856</u>	<u>191,134</u>	<u>64,965</u>	<u>395,955</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	65,099	1,226		66,325
Public Safety	8,614	38,416		47,030
Public Works		66,938		66,938
Health	14,225	5,535		19,760
Capital Outlay		125,830	64,965	190,795
	<u>87,938</u>	<u>237,945</u>	<u>64,965</u>	<u>390,849</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>51,917</u>	<u>(46,811)</u>	<u>0</u>	<u>5,106</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		6,683		6,683
Transfers-Out	(6,683)			(6,683)
Other Sources	58			58
	<u>(6,625)</u>	<u>6,683</u>	<u>0</u>	<u>58</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,292	(40,128)	0	5,164
Fund Cash Balances, January 1	<u>87,005</u>	<u>303,267</u>		<u>390,272</u>
Fund Cash Balances, December 31	<u>\$132,297</u>	<u>\$263,138</u>	<u>\$0</u>	<u>\$395,435</u>
Reserve for Encumbrances, December 31	<u>\$16,349</u>	<u>\$140</u>	<u>\$0</u>	<u>\$16,488</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL NONEXPENDABLE TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Interest	\$98		\$98
Other		\$15,651	15,651
Total Operating Cash Receipts	<u>98</u>	<u>15,651</u>	<u>15,749</u>
Operating Cash Disbursements:			
Supplies and Materials	125		125
Purchased Services		15,651	15,651
Total Operating Cash Disbursements	<u>125</u>	<u>15,651</u>	<u>15,776</u>
Operating Income/(Loss)	<u>(27)</u>	<u>0</u>	<u>(27)</u>
Net Receipts Over/(Under) Disbursements	(27)	0	(27)
Fund Cash Balances, January 1	<u>8,237</u>		<u>8,237</u>
Fund Cash Balances, December 31	<u>\$8,210</u>	<u>\$0</u>	<u>\$8,210</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Windham 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 contracts with the Community Ambulance to provide ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

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.

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.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

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

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Levy Fire District - This fund receives property tax money for general operations to maintain fire protection for citizens of the township.

Fire District - This fund receives property tax money for large equipment purchases to maintain fire protection for citizens of the township.

3. Capital Project 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's significant capital project fund is the Issue II Fund - The Township received a grant from the State of Ohio for road construction projects for Bryant Road in 1999 and Hopkins Road in 1998.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund - This fund is utilized as non expendable trust funds that utilizes interest revenues for the upkeep and maintenance of the cemetery. The principal must remain intact.

Miscellaneous Shared Expense Fund - The Township agrees to act as fiscal agent for an Issue two project with Nelson Township for the collection and distribution of their share of the project. Additionally, the township pays for the community clean up day and the Village of Windham pays money to township for their share of the expense.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

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

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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	\$379,817	\$244,326
STAR Ohio	<u>162,283</u>	<u>159,319</u>
Total deposits and investments	<u><u>\$542,100</u></u>	<u><u>\$403,645</u></u>

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 ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,428	\$186,408	\$66,980
Special Revenue	217,650	195,537	(22,113)
Capital Projects	120,560	120,560	0
Fiduciary	<u>2,200</u>	<u>2,000</u>	<u>(200)</u>
Total	<u><u>\$459,838</u></u>	<u><u>\$504,505</u></u>	<u><u>\$44,667</u></u>

**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	\$235,700	\$104,947	\$130,753
Special Revenue	470,325	205,824	264,501
Capital Projects	0	120,560	(120,560)
Fiduciary	2,600	1,824	776
Total	\$708,625	\$433,155	\$275,470

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,857	\$139,913	\$33,056
Special Revenue	197,502	197,817	315
Capital Projects	93,000	64,965	(28,035)
Fiduciary	2,100	15,749	13,649
Total	\$399,459	\$418,444	\$18,985

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$193,862	\$110,970	\$82,892
Special Revenue	500,768	238,085	262,683
Capital Projects	0	64,965	(64,965)
Fiduciary	2,500	15,776	(13,276)
Total	\$697,130	\$429,796	\$267,334

The Township had expenses which exceeded appropriations in the Capital Projects Fund for Issue II projects for both fiscal years and in 1998 the nonexpendable trust funds. The remainder of the variance in fiduciary funds in 1998 is attributed to agency funds which are not required to be budgeted per footnote #1.

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.

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

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

(Continued)

4. PROPERTY TAX (continued)

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 SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Business Auto Coverage
- Commercial General Liability Coverage
- Commercial Property
- Commercial Inland Marine
- Township Officials Liability
- Employers Liability and Stop Gap Coverage
- Employee Benefits Liability Coverage
- Cemetery Liability Coverage
- Valuable Papers

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

Windham Township
Portage County
9840 State Route 82
Windham, Ohio 44288

To the Board of Trustees:

We have audited the accompanying financial statements of Windham 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 24, 2000. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-41167-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 24, 2000.

Windham Township
Portage 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

March 24, 2000

**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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FINDING NUMBER 1999-41167-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1998, the Township had the following expense but no appropriations:

Capital Projects Fund (Contractual Services)	\$64,965.00
Non-expendable Trust Fund (Other Supplies)	\$ 124.90

In 1999, the Township had the following expense but no appropriations:

Capital Projects Fund (Contractual Services)	\$120,560.00
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The Township had changed their accounting system to show adequate appropriation balances to cover expenditures for the above items. The finding is related to Issue II activity approved by the Trustees and the activity was within approved project amounts. However, the appropriation balances were not approved in a resolution by the Board of Trustees nor filed with the Portage County Auditor's office. We recommend the Township not expend money unless it has been properly appropriated as required by the Ohio Revised Code.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WINDHAM 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
APRIL 25, 2000**