



**MUSKINGUM TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MUSKINGUM TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Muskingum Township
Washington County
Route 3, Box 324A
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Muskingum Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 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 described 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 Muskingum Township, Washington County, as of December 31, 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 a report dated May 11, 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 of Trustees, and other officials authorized to receive this report under Ohio Revised Code § 117.26, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 11, 2000

**MUSKINGUM TOWNSHIP
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	\$66,282	\$290,211	\$8,600	\$365,093
Intergovernmental	599,283	106,942		706,225
Special Assessments		9,384		9,384
Licenses, Permits, and Fees	1,115	900		2,015
Interest	14,187	419		14,606
Other Revenue	1,292	4,200		5,492
Total Cash Receipts	<u>682,159</u>	<u>412,056</u>	<u>8,600</u>	<u>1,102,815</u>
Cash Disbursements:				
General Government	118,702			118,702
Public Safety	2,396	137,875		140,271
Public Works	266,703	235,400		502,103
Health	17,944	5,700		23,644
Debt Service:				
Redemption of Principal			40,500	40,500
Interest and Fiscal Charges		2,117	1,978	4,095
Capital Outlay	22,579	160,574		183,153
Total Cash Disbursements	<u>428,324</u>	<u>541,666</u>	<u>42,478</u>	<u>1,012,468</u>
Total Receipts Over/(Under) Disbursements	253,835	(129,610)	(33,878)	90,347
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	17,500	125,280		142,780
Transfers-In			33,530	33,530
Advances-In	5,500	5,500		11,000
Transfers-Out	(33,530)			(33,530)
Advances-Out	(5,500)	(5,500)		(11,000)
Total Other Financing Receipts/(Disbursements)	<u>(16,030)</u>	<u>125,280</u>	<u>33,530</u>	<u>142,780</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	237,805	(4,330)	(348)	233,127
Fund Cash Balances, January 1	<u>66,441</u>	<u>119,920</u>	<u>594</u>	<u>186,955</u>
Fund Cash Balances, December 31	<u>\$304,246</u>	<u>\$115,590</u>	<u>\$246</u>	<u>\$420,082</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>

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

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

	<u>Nonexpendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Interest	\$16		\$16
Total Operating Cash Receipts	16	\$0	16
Fund Cash Balances, January 1	625	668	1,293
Fund Cash Balances, December 31	<u>\$641</u>	<u>\$668</u>	<u>\$1,309</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**MUSKINGUM TOWNSHIP
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	
Cash Receipts:				
Local Taxes	\$59,719	\$256,031	\$14,169	\$329,919
Intergovernmental	74,607	161,134		235,741
Special Assessments		9,462		9,462
Licenses, Permits, and Fees	1,171			1,171
Interest	1,708	247		1,955
Other Revenue	3,455	9,032	10	12,497
	140,660	435,906	14,179	590,745
Total Cash Receipts				
Cash Disbursements:				
General Government	114,636			114,636
Public Safety	600	142,781		143,381
Public Works	4,866	221,921		226,787
Health	23,555	1,600		25,155
Conservation - Recreation	660			660
Debt Service:				
Redemption of Principal			17,484	17,484
Interest and Fiscal Charges		1,885	1,559	3,444
Capital Outlay		14,336		14,336
	144,317	382,523	19,043	545,883
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(3,657)	53,383	(4,864)	44,862
Other Financing Receipts/(Disbursements):				
Transfers-In		25,886		25,886
Advances-In	9,000	9,000		18,000
Transfers-Out		(25,886)		(25,886)
Advances-Out	(9,000)	(9,000)		(18,000)
Other Sources	30			30
Other Uses		(300)		(300)
	30	(300)	0	(270)
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,627)	53,083	(4,864)	44,592
Fund Cash Balances, January 1	70,068	66,837	5,458	142,363
Fund Cash Balances, December 31	\$66,441	\$119,920	\$594	\$186,955
Reserve for Encumbrances, December 31	\$35,185	\$0	\$0	\$35,185

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

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

	<u>Nonexpendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Interest	\$11		\$11
Total Operating Cash Receipts	11	\$0	11
Fund Cash Balances, January 1	614	668	1,282
Fund Cash Balances, December 31	<u>\$625</u>	<u>\$668</u>	<u>\$1,293</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Muskingum Township, Washington County, Ohio, (the Township) is a body politic and corporate 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 maintenance, fire protection and cemetery maintenance.

The Township's management believes these financial statements represent 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 a payment is made 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 Township Clerk invests all available funds of the Township in an interest-bearing checking account and a repurchase agreement with a commercial bank. This cash is pooled for investment purposes to capture the highest rate of return. Income from these investments is distributed accordingly.

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 by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

East Fire District Fund - This fund receives funds from Washington County through tax levies to provide and maintain fire protection from the East Fire District.

West Fire District Fund - This fund receives funds from Washington County through tax levies to provide and maintain fire protection from the West Fire District.

Permissive Sales Tax Fund - This fund accounts for the sales tax money disbursed by Washington County in the name of Muskingum Township and to account for said receipts and disbursements.

Federal Emergency Management Agency (FEMA) Fund - This fund receives money from the Federal Emergency Management Agency and Ohio Emergency Management Agency to provide flood relief to the Township.

3. Debt Service Fund

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

General Bond (Note) Retirement Fund – This fund receives tax levy proceeds and transfers of monies from other governmental funds to retire the principal and pay interest due on notes for the acquisition of fire fighting equipment and road equipment.

4. Fiduciary Funds (Trust and Agency)

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 Nonexpendable 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 Nonexpendable Trust Funds:

Rayley Cemetery Bequest Fund - This fund maintains the trust corpus and receives the interest income earned. The income is to be used for perpetual care of the cemetery.

Highland Cemetery Bequest Fund - This fund maintains the trust corpus and receives the interest income earned. The income is to be used for perpetual care of the cemetery.

The Township had the following Agency Fund:

Unclaimed Money Fund - This fund is used for checks issued by the Township that have not been cashed. The money is left in this fund for five years then remitted to the General Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over to the subsequent year and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

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 cash 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:

	1999	1998
Demand Deposits	\$132,934	\$188,248
Investments:		
Repurchase Agreements	288,457	0
Total Deposits and Investments	\$421,391	\$188,248

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Ohio Rev. Code § 135.14 prohibits investing activity without a written investments policy, approved by the Board of Trustees and on file with the Auditor of State. The Board has not yet approved a written investment policy for the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$631,198	\$699,659	\$68,461
Special Revenue	509,426	537,336	27,910
Debt Service	8,600	42,130	33,530
Nonexpendable Trust	14	16	2
Agency	0	0	0
Total	\$1,149,238	\$1,279,141	\$129,903

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,350	\$461,854	(\$229,504)
Special Revenue	517,200	541,666	(24,466)
Debt Service	8,600	42,478	(33,878)
Nonexpendable Trust	400	0	400
Agency	600	0	600
Total	\$759,150	\$1,045,998	(\$286,848)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,808	\$140,690	\$11,882
Special Revenue	379,399	461,792	82,393
Debt Service	19,169	14,179	(4,990)
Nonexpendable Trust	13	11	(2)
Agency	668	0	(668)
Total	\$528,057	\$616,672	\$88,615

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,850	\$144,317	\$50,533
Special Revenue	416,900	408,709	8,191
Debt Service	19,165	19,043	122
Nonexpendable Trust	219	0	219
Agency	668	0	668
Total	\$631,802	\$572,069	\$59,733

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated. Total expenditures exceeded total appropriations in the General, West Fire District and Note Retirement Funds as of December 31, 1999 and the Road and Bridge and FEMA Funds as of December 31, 1998.

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.

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. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
Dump Truck General Obligation Note	\$8,000	5.00%
Tanker Truck Promissory Note	110,280	5.50%
Total	\$118,280	

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

5. DEBT (Continued)

The General Obligation Note was for a dump truck the Township purchased in 1996. The original note for the dump truck was for \$40,000, with annual payments of \$8,000, plus interest. The Promissory Note was for a tanker truck purchased in 1999. The original note for the tanker truck was for \$110,280, with annual payments of \$27,570, plus interest. This note is collateralized by the tanker truck.

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

Year Ending December 31:	Dump Truck Note	Tanker Truck Note
2000	\$8,400	\$33,623
2001	0	32,119
2002	0	30,604
2002	<u>0</u>	<u>29,116</u>
Total	<u>\$8,400</u>	<u>\$125,462</u>

6. RETIREMENT SYSTEM

All of the Township's employees and elected officials belong to the Public Employees Retirement System of Ohio (PERS), which is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Township's 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.

7. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicle
- Property

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

8. CONTINGENT LIABILITIES

The Township is currently a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, in the opinion of management, the financial impact, if any, would not be material to the financial statements of the Township.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Muskingum Township
Washington County
Route 3, Box 324A
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Muskingum Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 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 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 1999-41084-001 to 1999-41084-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 11, 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 May 11, 2000.

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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 11, 2000

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

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

FINDING NUMBER 1999-41084-001

1. Ohio Rev. Code § 135.14(N) states that investments or deposits under Ohio Rev. Code § 135.14 cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following two exceptions:
 - C If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits or STAR Ohio.
 - C A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board certifies to the Auditor of State that they will comply and is in compliance with the provisions of Ohio Rev. Code §§ 135.01 to 135.21.

The Township did not have a written investment policy approved by the Board of Trustees nor on file with the Auditor of State, but invested in repurchase agreements on a daily basis beginning in 1999.

We recommend the Board of Trustees adopt an investment policy to be filed with the Auditor of State's Office. The investment policy must be signed by:

- C All entities conducting investment business with the Treasurer or governing board (except the Treasurer of State);
- C All brokers, dealers, and financial institutions, described in Ohio Rev. Code § 135.14(M)(1), initiating transactions with the treasurer or governing board by giving advice or making investment recommendations;
- C All brokers, dealers, and financial institutions, described in Ohio Rev. Code § 135.14(M)(1), executing transactions initiated by the treasurer or governing board.

FINDING NUMBER 1999-41084-002

2. Ohio Rev. Code §5705.41(B) states that the Township cannot make any expenditure unless it has been appropriated.

At December 31, 1999, total expenditures exceeded appropriations in the following funds:

Funds	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$232,350	\$461,854	(\$229,504)
West Fire District	85,000	163,725	(78,725)
Note Retirement	8,600	42,478	(33,878)

At December 31, 1998, total expenditures exceeded appropriations in the following funds:

Funds	Appropriation Authority	Budgetary Expenditures	Variance
Road & Bridge Fund	\$91,200	\$100,010	(\$8,810)
FEMA 98	0	15,155	(15,155)

**MUSKINGUM TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-41084-002 (Continued)

2. Ohio Rev. Code §5705.41(B) (Continued)

In 1999 and 1998, we also noted instances (during the year and as of December 31) where expenditures exceeded appropriations at the legal level of control in several funds.

Supplemental appropriations appeared to have been made that would have alleviated the noncompliance with this Section. However, not all supplemental appropriations recorded in the Township records were supported by amended appropriations measures, nor was there approval noted in the minutes regarding these supplemental appropriations. The accompanying budgetary presentation includes only approved budgetary amounts.

We recommend the Township monitor actual expenditures as compared to appropriations at the legal level of control, amending the appropriation measure when necessary. Any amended appropriations must be formally approved by the Board of Trustees in the minutes.

FINDING NUMBER 1999-41084-003

3. Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Trustees of 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 authorize it to be paid without the affirmation of the Trustees.

Eleven percent of the transactions tested did not include prior certification of the Clerk nor were they encumbered until the time of payment, and a "then and now" certificate was not prepared.

We recommend the Clerk certify the availability of funds prior to the expenditure and encumber the entire amount of the expenditure at the time the purchase order is approved. If necessary, a "then and now" certificate should be obtained. Additionally, consideration could be given to using blanket purchase orders for recurring monthly expenses.



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MUSKINGUM TOWNSHIP

WASHINGTON 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
AUGUST 24, 2000