



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MALTA TOWNSHIP
MORGAN COUNTY

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OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Malta Township
Morgan County
2817 Conk Palmer Rd
Malta, Ohio 43755

To the Board of Trustees:

We have audited the accompanying financial statements of Malta Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Malta Township, Morgan County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Township 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 17, 2002

**MALTA TOWNSHIP
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service Fund	
Cash Receipts:				
Local Taxes	\$23,705	\$40,703	\$	\$64,408
Intergovernmental	14,400	56,923	6,659	77,982
Earnings on Investments	647	1,103		1,750
Other Revenue	160	132		292
Total Cash Receipts	38,912	98,861	6,659	144,432
Cash Disbursements:				
Current:				
General Government	39,247			39,247
Public Safety		16,185		16,185
Public Works		93,051		93,051
Human Services	6,651			6,651
Debt Service:				
Redemption of Principal		5,000	6,342	11,342
Interest and Fiscal Charges		890	317	1,207
Capital Outlay		139		139
Total Cash Disbursements	45,898	115,265	6,659	167,822
Total Cash Receipts Over/(Under) Cash Disbursements	(6,986)	(16,404)	0	(23,390)
Fund Cash Balances, January 1	7,780	28,343		36,123
Fund Cash Balances, December 31	\$794	\$11,939	\$0	\$12,733

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

**MALTA TOWNSHIP
MORGAN 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	
Cash Receipts:				
Local Taxes	\$22,303	\$39,029	\$	\$61,332
Intergovernmental	25,329	56,100	6,975	88,404
Earnings on Investments	1,241	1,458		2,699
Other Revenue	231			231
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,104	96,587	6,975	152,666
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	41,479			41,479
Public Safety		16,727		16,727
Public Works		72,262		72,262
Human Services	8,349			8,349
Debt Service:				
Redemption of Principal		4,993	6,352	11,345
Interest and Fiscal Charges		1,197	623	1,820
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	49,828	95,179	6,975	151,982
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(724)	1,408	0	684
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	8,504	26,935		35,439
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$7,780	\$28,343	\$0	\$36,123
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**MALTA TOWNSHIP
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Malta Township, Morgan County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and fire protection services. The Township contracts with the Malta/McConnelsville Volunteer Fire Department to provide fire services. The Township is involved with the Malta Union Cemetery which is defined as a joint venture. Additional information concerning the joint venture is presented in Note 9.

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. 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 for constructing, maintaining and repairing Township roads.

Fire Fund - This fund receives property tax money to pay for fire protection services that is provided to the Township's residents.

**MALTA TOWNSHIP
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled and re-appropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. 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.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and 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>2001</u>	<u>2000</u>
Demand deposits	<u>\$12,733</u>	<u>\$36,123</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**MALTA TOWNSHIP
MORGAN COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,350	\$38,912	(\$4,438)
Special Revenue	111,414	98,861	(12,553)
Debt Service	7,185	6,659	(526)
Total	\$161,949	\$144,432	(\$17,517)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,524	\$45,898	\$14,626
Special Revenue	142,814	115,265	27,549
Debt Service	6,659	6,659	0
Total	\$209,997	\$167,822	\$42,175

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,175	\$49,104	(\$3,071)
Special Revenue	114,010	96,587	(17,423)
Debt Service	6,975	6,975	0
Total	\$173,160	\$152,666	(\$20,494)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,679	\$49,828	\$10,851
Special Revenue	140,945	95,179	45,766
Debt Service	6,975	6,975	0
Total	\$208,599	\$151,982	\$56,617

**MALTA TOWNSHIP
MORGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Accountability and Compliance: Contrary to Ohio law, appropriations exceeded estimated resources as follows:

Fund	Approved Appropriations	Amended Official Estimate dated 8/8/01	Variance
General Fund	\$60,524	\$58,855	\$(1,669)
Motor Vehicle License Tax Fund	\$26,297	\$21,659	\$(4,638)
Gasoline Tax Fund	\$57,684	\$56,694	\$ (990)
Road and Bridge Fund	\$28,017	\$22,271	\$(5,746)
Fire District Fund	\$18,525	\$14,330	\$(4,195)
Permissive Motor Vehicle License Tax Fund	\$12,291	\$ 8,753	\$(3,538)

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 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	<u>\$10,007</u>	<u>5.95%</u>

The promissory note was issued in 1998 to finance the purchase of a new tractor to be used for Township road maintenance. The note is collateralized by the tractor.

**MALTA TOWNSHIP
MORGAN COUNTY**

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

5. DEBT (Continued)

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

	<u>Promissory Note</u>
Year ending December 31:	
2002	\$5,595
2003	<u>5,298</u>
Total	<u><u>\$10,893</u></u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and January 1, 2000 through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participant's gross salaries. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool) which is a risk pool discussed at Note 8. The following risks are covered by the Pool:

- Legal Liability, third party claims coverage
- Automobile Liability
- Automobile Physical Damage
- Wrongful Acts
- Property, including building and contents and inland marine.

The Township also provides health insurance and dental coverage through a private carrier.

8. RISK MEMBERSHIP POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MALTA TOWNSHIP
MORGAN COUNTY**

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

8. RISK MEMBERSHIP POOL (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

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

**MALTA TOWNSHIP
MORGAN COUNTY**

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

9. JOINT VENTURES

Malta Union Cemetery

The Malta Union Cemetery was established jointly, by the Village of Malta and Malta Township. A one mill tax levy has been jointly levied by the Village and the Township on behalf of Malta Union Cemetery. Malta Union Cemetery is managed by a three member Board of Cemetery Trustees appointed jointly by the Malta Village Council and Malta Township Board of Trustees. Any additional funding to the Cemetery, other than the tax revenues provided by the levy and other fees and donations received by the Cemetery, are the responsibility of the Township and the Village. The Township's contributions to the Cemetery were limited to levy proceeds during 2000 and 2001 from the jointly levied one-mill tax levy. The Ohio Revised Code also requires an apportionment of certain capital expenses, if any, between the Village and Township. The latest audited financial report for the Cemetery can be obtained by contacting the Malta Union Cemetery Clerk at, 320 North Best Road, Malta, Ohio 43758.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Malta Township
Morgan County
2817 Conk Palmer Rd
Malta, Ohio 43755

To the Board of Trustees:

We have audited the accompanying financial statements of Malta Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-41058-001 through 2001-41058-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-41058-003 through 2001-41058-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions that are disclosed above are material weaknesses. 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 June 17, 2002.

This report is intended solely 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", written in a cursive style.

Jim Petro
Auditor of State

June 17, 2002

**MALTA TOWNSHIP
MORGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-41058-001
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Finding for Adjustment

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received and requires that money paid out of any fund shall be used only for the purposes for which such fund is established.

During 2000 and 2001, the Township posted various receipts to improper funds. Receipts posted to improper funds include gasoline tax, permissive motor vehicle license tax, homestead and rollback distributions and a PERS refund. The Township also posted an appropriation transfer as a transfer of funds. In accordance with the foregoing facts, a finding for adjustment is issued as follows:

FUND	AGAINST	IN FAVOR OF
General	\$ 380	
Road and Bridge	\$ 677	
Gasoline Tax	\$1,462	
Permissive Motor Vehicle License Tax		\$5,642
Motor Vehicle License Tax	\$5,018	
Fire		\$1,895

Adjustments with which Township management agrees have been posted to the Township's records and are reflected in the accompanying financial statements.

Finding Number	2001-41058-002
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Finding for Adjustment

Ohio Rev. Code § 5705.10 and 135.21 require interest earned to be credited to the general fund, with the following exceptions; interest earned on money derived from a motor vehicle license or fuel tax must follow the principal and interest earned on money derived from a nonexpendable trust fund must follow the principal.

During both 2000 and 2001, the Township did not properly distribute interest earned on the Township checking account to the Motor Vehicle License, Permissive Motor Vehicle License, and Gasoline Tax Funds. In accordance with the foregoing facts, a finding for adjustment is issued as follows:

FUND	AGAINST	IN FAVOR OF
General	\$ 524	
Gasoline Tax	\$ 531	
Motor Vehicle License Tax	\$ 289	
Permissive Motor Vehicle License Tax		\$1,344

Adjustments with which Township management agrees have been posted to the Township's records and are reflected in the accompanying financial statements. We recommend the Township allocate interest earned on all investments to the proper funds based on each fund's balance.

**MALTA TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2001-41058-003
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Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 5705.39 states that total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Clerk obtained a reduced amended certificate of estimated resources on August 8, 2001 which caused appropriations in some funds to exceed estimated revenue. The following compares approved appropriations to the amended official estimate.

Fund	Approved Appropriations	Amended Official Estimate dated 8/8/01	Variance
General Fund	\$60,524	\$58,855	\$(1,669)
Motor Vehicle License Tax Fund	\$26,297	\$21,659	\$(4,638)
Gasoline Tax Fund	\$57,684	\$56,694	\$ (990)
Road and Bridge Fund	\$28,017	\$22,271	\$(5,746)
Fire District Fund	\$18,525	\$14,330	\$(4,195)
Permissive Motor Vehicle License Tax Fund	\$12,291	\$ 8,753	\$(3,538)

We recommend the Clerk follow Ohio Rev. Code § 5705.36 for procedures on amending budgeted receipts. We further recommend that when appropriations are amended or a reduced amended certificate of estimated resources is obtained from the County Budget Commission, the Clerk obtain a certificate from the County Auditor stating the total appropriations from each fund do not exceed the total estimated resources.

Finding Number	2001-41058-004
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Noncompliance Citation and Reportable Condition

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 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:

**MALTA TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2001-41058-004 (Continued)
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Noncompliance Citation and Reportable Condition (Continued)

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees may authorize the drawing of a warrant. This Board has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the Township.

- 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 Board.

The Township included certification language as part of its purchase order. However, the Clerk's prior certification was not obtained for 48% of the expenditures tested and the aforementioned exceptions were not followed.

We recommend Township personnel obtain proper certification from the Clerk prior to incurring any obligation on behalf of the Township.

Finding Number	2001-41058-005
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Reportable Condition

During 2001 and 2000, the Township Clerk did not properly post the budgeted receipts to the accounting system. Variances existed between the amounts on the certificates of estimated resources and the amounts posted to the accounting system as follows:

December 31, 2001:

Fund	Budgeted Receipts per the Ledgers	Budgeted Receipts per Final Certificate of Estimated Resources	Variance
General Fund	\$55,300	\$43,350	\$11,950
Motor Vehicle License Tax Fund	16,000	16,480	480
Gasoline Tax Fund	53,000	54,590	1,590
Road and Bridge Fund	20,000	18,075	1,925
Fire District Fund	0	16,200	16,200
Debt Service Fund	6,975	7,185	210
Permissive Motor Vehicle License Tax Fund	0	6,069	6,069

**MALTA TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

Finding Number	2001-41058-005 (Continued)
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Reportable Condition (Continued)

December 31, 2000:

Fund	Budgeted Receipts per the Legers	Budgeted Receipts per the Final Certificate of Estimated Resources	Variance
General Fund	\$51,875	\$52,175	\$300

Because the information entered into the accounting system was inaccurate, the Township management was unable to effectively monitor budget versus actual activity during the years 2001 and 2000. It was necessary to make audit adjustments to the 2001 and 2000 budgetary activity as reported in the notes to the financial statements in order to present the certified amount of estimated receipts.

We recommend the Clerk record estimated receipts directly from the certificate of estimated resources and any amendments thereto. This would ensure useful comparisons of estimated to actual receipts to be made throughout the year and help indicate when an increased or decreased amended certificate should be obtained.

MALTA TOWNSHIP
MORGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41058-001	Revised Code 5705.41(D), failure to properly certify funds.	No	This citation is repeated in the current audit as finding 2001-41058-004.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MALTA TOWNSHIP

MORGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2002**