



**Auditor of State
Betty Montgomery**

HOAGLIN TOWNSHIP
VAN WERT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hoaglin Township
Van Wert County
15487 Galvin Road
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Hoaglin Township (the Township) as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 the Township as of December 31, 2003 and 2002, 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 31, 2004 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 31, 2004

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$8,899	\$30,660		\$39,559
Intergovernmental	48,684	78,578	51,115	178,377
Licenses, Permits, and Fees		2,075		2,075
Earnings on Investments	170	131		301
Other Revenue	7,130	570		7,700
	<u>64,883</u>	<u>112,014</u>	<u>51,115</u>	<u>228,012</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	47,238			47,238
Public Safety		7,432		7,432
Public Works		90,977	163	91,140
Health	12,191	1,914		14,105
Debt Service:				
Redemption of Principal	5,641	11,001		16,642
Interest and Fiscal Charges	431	603		1,034
Capital Outlay	1,050	364	122,347	123,761
	<u>66,551</u>	<u>112,291</u>	<u>122,510</u>	<u>301,352</u>
Total Cash Disbursements				
Total Receipts (Under) Disbursements	(1,668)	(277)	(71,395)	(73,340)
Other Financing Receipts:				
Other Sources	16,771	12,855	71,000	100,626
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	15,103	12,578	(395)	27,286
Fund Cash Balances, January 1	7,747	43,090	395	51,232
Fund Cash Balances, December 31	<u>\$22,850</u>	<u>\$55,668</u>	<u>\$0</u>	<u>\$78,518</u>

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

HOAGLIN TOWNSHIP
VAN WERT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	\$0
Operating Cash Disbursements:	<u>0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>500</u>
Fund Cash Balance, December 31	<u><u>\$500</u></u>

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

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$8,968	\$30,686		\$39,654
Intergovernmental	30,710	72,967	32,883	136,560
Licenses, Permits, and Fees		2,300		2,300
Earnings on Investments	107	332		439
Other Revenue	6,654	3,165		9,819
Total Cash Receipts	<u>46,439</u>	<u>109,450</u>	<u>32,883</u>	<u>188,772</u>
Cash Disbursements:				
Current:				
General Government	45,033			45,033
Public Safety		12,574		12,574
Public Works	150	102,853	400	103,403
Health	9,529	2,280		11,809
Debt Service:				
Redemption of Principal	1,400	14,695		16,095
Interest and Fiscal Charges	278	1,535		1,813
Capital Outlay		326	32,883	33,209
Total Cash Disbursements	<u>56,390</u>	<u>134,263</u>	<u>33,283</u>	<u>223,936</u>
Total Receipts (Under) Disbursements	(9,951)	(24,813)	(400)	(35,164)
Fund Cash Balances, January 1	<u>17,698</u>	<u>67,903</u>	<u>795</u>	<u>86,396</u>
Fund Cash Balances, December 31	<u><u>\$7,747</u></u>	<u><u>\$43,090</u></u>	<u><u>\$395</u></u>	<u><u>\$51,232</u></u>

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

HOAGLIN TOWNSHIP
VAN WERT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	\$0
Operating Cash Disbursements:	<u>0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>500</u>
Fund Cash Balance, December 31	<u><u>\$500</u></u>

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

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hoaglin Township, Van Wert 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Van Wert, the Village of Grover Hill, the Village of middle Point, and the Village of Scott to provide fire services and the Village of Grover Hill and the Village of Scott 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

Savings accounts are valued at cost

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.

Motor Vehicle License Tax – This fund receives motor vehicle license tax to pay for constructing, maintaining and repairing Township roads in 2002 only.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio for road improvements for 2002 only.

Miscellaneous Capital Project Fund - The Township has a building fund for the construction of a new Township building in 2003.

4. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund – This is a non-expendable trust that maintained amounts donated in perpetuity.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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:

	2003	2002
Demand deposits	\$79,018	\$51,732

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,837	\$81,654	\$9,817
Special Revenue	119,081	124,869	5,788
Capital Projects	122,115	122,115	0
Total	\$313,033	\$328,638	\$15,605

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,833	\$66,551	(\$13,718)
Special Revenue	152,331	112,291	40,040
Capital Projects	69,395	122,510	(53,115)
Total	\$274,559	\$301,352	(\$26,793)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,932	\$46,439	\$507
Special Revenue	106,595	109,450	2,855
Capital Projects	32,883	32,883	0
Total	\$185,410	\$188,772	\$3,362

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,244	\$56,390	\$17,854
Special Revenue	175,472	134,263	41,209
Capital Projects	39,383	33,283	6,100
Total	\$289,099	\$223,936	\$65,163

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$53,115, the General Fund by \$13,718 and the Road and Bridge fund by \$2,085 for the year ended December 31, 2003.

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.

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, 2003 was as follows:

	Principal	Interest Rate
\$50,000 Equipment Acquisition Bond	\$11,720	4.95%

The equipment acquisition bond was issued to finance the purchase of a new dump to be used for Township road maintenance.

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

	Equipment Acquisition Bond
Year ending December 31: 2003	\$13,431

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Township employees and elected officials belong to the Public Employees Retirement system of Ohio (PERS). PERS 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 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 for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

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.

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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>



**Auditor of State
Betty Montgomery**

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

Hoaglin Township
Van Wert County
16487 Galvin Road
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Hoaglin Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 31, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 2003-001 to 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 31, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-004.

**Internal Control Over Financial Reporting
(Continued)**

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 believe the reportable condition described above is not a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 31, 2004.

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.



Betty Montgomery
Auditor of State

March 31, 2004

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding For Recovery - Repaid While Under Audit

Ohio Rev. Code Section 505.60 (A) states as provided in this Section and Section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees.

Section 505.60 (C) outlines the provision of group coverage and allowable reimbursements should an officer or employee be denied coverage or elect not to participate in the group health care plan. Section 505.601 outlines provisions for providing reimbursements for premiums if a board of township trustees does not procure an insurance policy or group health care services as provided in Section 505.60 of the Revised Code. Section 505.601 (B) states that a resolution must provide for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee. The stipulations for reimbursement under each section are different.

Per the resolution passed by the Board of Trustees, the Township chose to reimburse out of pocket insurance premiums up to a dollar amount of \$1,000 per month. Frank Snyder, Township Clerk, exceeded the \$1,000 limit per month by \$326 during December 2003 and \$485 during December 2002 for premiums on a cancer insurance policy for a total of \$811.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Frank Snyder, Township Clerk, and the Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the amount of \$811 in favor of the General Fund.

The finding was paid April 11, 2004 on receipt number 34-2004 to the credit of the General Fund.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) stated no subdivision or taxing unit is to expend money unless it has been appropriated. The Township expended \$13,718 more in the General Fund, \$2,085 in the Road and Bridge Fund, and \$53,115 more in the Miscellaneous Capital Projects Fund than appropriations during 2003. During 2003, eighteen individual line items had expenditures exceeding appropriations and during 2002, five individual line items had expenditures exceeding appropriations. These overages were a result of supplemental appropriations and appropriation transfers not being approved in the minutes.

Having expenditures exceed appropriations could result in negative fund balances and over spending.

The Township should ensure that the expenditures do not exceed appropriations and that all supplemental appropriations and appropriation transfers are approved in the minutes before they are posted to the UAN system.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificate should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000 (\$3,000 after April 7, 2003), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

In twenty-seven (27) percent of the invoices tested, the date of the invoice preceded the date of the purchase order or blanket certificate date and the Township did not utilize "then and now" certifications.

The Township should review Ohio Rev. Code Section 5705.41(D) and implement procedures for proper certification of funds.

FINDING NUMBER 2003-004

Reportable Condition

Budgetary

The Township did not accurately maintain the budget information posted to the expenditure journal. The appropriations posted to the expenditure journal were not equal to the appropriations from the "Township's Annual Appropriation Resolution" plus any supplemental appropriations. The Trustees did not approve eighty-six (86) percent of the supplemental appropriation during 2003 and thirty (30) percent of the supplemental appropriations during 2002, and thus they were not authorized appropriations. This could increase the likelihood that management could fail to maintain an adequate control of the budget.

The appropriations on the expenditure journal should agree to the annual appropriation resolution plus any supplemental appropriations approved by the Trustees during the year. This will provide accurate budget information for the Trustees to manage the Township.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-40281-001	ORC Sec. 5705.41 (B) - Expenditures exceeded appropriations	No	See finding number 2003-002
2001-40281-002	ORC Sec. 5705.41 (D) - Failure to obtain Clerk's certificate	No	See finding number 2003-003
2001-40281-003	ORC sec. 505.60 (B) - Insurance Allocation	Yes	
2001-40281-004	ORC sec. 5705.10 - Deficit fund balances	Yes	
2001-40281-005	Budgetary reportable condition	No	See finding number 2003-004

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**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

HOAGLIN TOWNSHIP

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 11, 2004**