



Dave Yost • Auditor of State

LETART TOWNSHIP
MEIGS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Letart Township
Meigs County
49115 Manuel Road
Racine, Ohio 45771

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Letart Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof, for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

During 2013 and 2012, the Township Trustees' salaries were paid from restricted funds absent of the certifications required by Ohio Rev. Code § 505.24. In the absence of these certifications, the salaries must be paid from the General Fund. The Township did not adjust the 2013 or 2012 financial statements to reflect the finding for adjustment that would reduce the General Fund cash balance by \$15,176 and increase the cash balances for the Gasoline Tax and Road and Bridge special revenue funds by \$8,101 and \$7,075, respectively, for the year ended December 31, 2012 and would reduce the General Fund cash balance by \$19,472 and increase the cash balances for the Gasoline Tax and Road and Bridge special revenue funds by \$16,601 and \$2,871, respectively, for the year ended December 31, 2013. The cumulative effect of the finding for adjustment would have resulted in a deficit fund cash balance of \$27,095 in the General Fund as of and for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Letart Township, Meigs County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 17, 2014

This page intentionally left blank.

**LETART TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 28,325	\$ 78,497	\$	\$ 106,822
Intergovernmental	18,943	130,751		149,694
Fines, Licenses and Permits		6,100		6,100
Earnings on Investments	444	60	1,390	1,894
Miscellaneous	17,701	9,979		27,680
<i>Total Cash Receipts</i>	<u>65,413</u>	<u>225,387</u>	<u>1,390</u>	<u>292,190</u>
Cash Disbursements				
Current:				
General Government	93,509	16,218		109,727
Public Safety	240	42,412		42,652
Public Works		77,853		77,853
Health		13,660		13,660
Other	323			323
Debt Service:				
Principal Retirement	32,728	800		33,528
Interest and Fiscal Charges		1,200		1,200
<i>Total Cash Disbursements</i>	<u>126,800</u>	<u>152,143</u>	<u>0</u>	<u>278,943</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(61,387)</u>	<u>73,244</u>	<u>1,390</u>	<u>13,247</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	3,816	850		4,666
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,816</u>	<u>850</u>	<u>0</u>	<u>4,666</u>
<i>Net Change in Fund Cash Balances</i>	(57,571)	74,094	1,390	17,913
<i>Fund Cash Balances, January 1</i>	<u>65,124</u>	<u>84,902</u>	<u>43,357</u>	<u>193,383</u>
Fund Cash Balances, December 31				
Nonspendable			43,357	43,357
Restricted		158,996	1,390	160,386
Unassigned (Deficit)	7,553			7,553
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,553</u>	<u>\$ 158,996</u>	<u>\$ 44,747</u>	<u>\$ 211,296</u>

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

**LETART TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 28,898	\$ 79,732	\$	\$ 108,630
Intergovernmental	25,429	124,747		150,176
Fines, Licenses and Permits		3,280		3,280
Earnings on Investments	471	193		664
Miscellaneous	9,824	12,375		22,199
<i>Total Cash Receipts</i>	<u>64,622</u>	<u>220,327</u>	<u>0</u>	<u>284,949</u>
Cash Disbursements				
Current:				
General Government	67,570	8,473		76,043
Public Safety		54,408		54,408
Public Works		106,901		106,901
Health		32,187		32,187
Other	263			263
Debt Service:				
Principal Retirement	3,195	6,458		9,653
Interest and Fiscal Charges	405	1,192		1,597
<i>Total Cash Disbursements</i>	<u>71,433</u>	<u>209,619</u>	<u>0</u>	<u>281,052</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,811)</u>	<u>10,708</u>	<u>0</u>	<u>3,897</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	2,253	4,240		6,493
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,253</u>	<u>4,240</u>	<u>0</u>	<u>6,493</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,558)</u>	<u>14,948</u>	<u>0</u>	<u>10,390</u>
<i>Fund Cash Balances, January 1</i>	<u>69,682</u>	<u>69,954</u>	<u>43,357</u>	<u>182,993</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	43,357	43,357
Restricted		84,902		84,902
Unassigned (Deficit)	65,124			65,124
<i>Fund Cash Balances, December 31</i>	<u>\$ 65,124</u>	<u>\$ 84,902</u>	<u>\$ 43,357</u>	<u>\$ 193,383</u>

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

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Letart Township, Meigs County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Village of Racine to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township values certificates of deposit at cost. All other available funds of the Township are in an interest-bearing checking account.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Contrary to the Revised Code, the Township did not adopt appropriations for 2013 and 2012.

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 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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$167,939	\$150,026
Certificates of deposit	43,357	43,357
Total Deposits	\$211,296	\$193,383

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

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,022	\$69,229	\$37,207
Special Revenue	167,880	226,237	58,357
Permanent	0	1,390	1,390
Total	\$199,902	\$296,856	\$96,954

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$126,800	(\$126,800)
Special Revenue	0	152,143	(152,143)
Permanent	0	0	0
Total	\$0	\$278,943	(\$278,943)

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,602	\$66,875	\$21,273
Special Revenue	206,351	224,567	18,216
Total	\$251,953	\$291,442	\$39,489

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$71,433	(\$71,433)
Special Revenue	0	209,619	(209,619)
Total	\$0	\$281,052	(\$281,052)

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Contrary to Ohio law, the Township did not adopt appropriation measures. As such, budgetary expenditures exceeded the appropriation authority for all funds for the years ended December 31, 2013 and 2012.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

5. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

6. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Risk Management (Continued)

The aforementioned casualty and property reinsurance agreement does 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 reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>(8,486,363)</u>	<u>(9,355,082)</u>
Net Position	<u>\$26,467.923</u>	<u>\$25,416.188</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

	<u>2013</u>	<u>2012</u>
	\$4,699	\$5,566

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Letart Township
Meigs County
49115 Manuel Road
Racine, Ohio 45771

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Letart Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion on disbursements in the General, Gasoline Tax and Road and Bridge Funds.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-004, 2013-006 and 2013-007 described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-005.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 17, 2014

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Finding for Adjustment

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated.

Subsequent to House Bill 153, passed in 2011, Ohio Rev. Code §§ now 505.24 and 507.09 require township trustees and fiscal officers, respectively, to certify the amount of work performed on restricted funds. The Board did not prepare any payroll certifications for 2013 and 2012.

As a result, in 2013, the Gasoline Tax Fund and the Road and Bridge Fund were overcharged \$16,601 and \$2,871, respectively and the General Fund was undercharged \$19,472. During 2012, the Gasoline Tax Fund and the Road and Bridge Fund were overcharged by \$8,101 and \$7,075, respectively, and the General Fund was undercharged by \$15,176.

These adjustments are neither posted to the accounting records nor reflected in the accompanying financial statements.

In accordance with the foregoing facts, we hereby issue a finding for adjustment in the amount of \$34,648 against the General Fund and in favor of Gasoline Tax Fund and Road and Bridge Fund in the amounts of \$24,702 and \$9,946, respectively.

We recommend the Township review to H.B. 153, as well as Ohio Rev. Code §§ 505.24 and 507.09, and adopt formal administrative procedures regarding signed certifications of the allocation of payroll by each Trustee for each monthly pay period. The Fiscal Officer should not distribute the Trustees' salary until such signed certification is obtained. If they are paid 100% out of the General Fund, no certification is required.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

FINDING NUMBER 2013-002

Noncompliance

Ohio Rev. Code § 5705.38(A) provides that, on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated as provided in such chapter.

The Township did not pass appropriation resolutions for 2013 or 2012. As a result, all expenditures in 2013 and 2012 were made absent of the legal appropriation authority.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-002 (Continued)

Noncompliance - Ohio Rev. Code § 5705.38(A) (Continued)

We recommend the Trustees adopt an appropriation measure prior to expending or obligating funds. If the Trustees want to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-003 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

3. Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 80% of expenditures tested for 2013 and 90% of expenditures tested for 2012; there was no evidence the Township followed the aforementioned exceptions. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certifications should be used.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

FINDING NUMBER 2013-004

Noncompliance and Material Weakness

Ohio Admin Code § 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Township did not make adjustments identified in the prior year Agreed-Upon Procedures engagement resulting in adjustments to beginning fund balances. Also, monthly cash reconciliations were not performed regularly, did not include the proper balance for the investment account and had significant unexplained adjusting factors as a result of not posting transactions timely and other posting errors in expenditures and receipts as listed below.

Because the Township did not reconcile at December 31, 2012, we performed a proof of cash. As a result of this procedure, the following transactions cleared the bank account but were not posted to the accounting system:

- Tax receipts of \$82, \$98 and \$62 were not posted to the General, Road and Bridge and Fire Levy Funds, respectively, resulting in the understatement these revenues.
- Intergovernmental receipts of \$4,683, \$823, \$4,732, \$3,943 and \$3,943 were not posted to the General, Motor Vehicle License Tax, Road and Bridge, Cemetery Levy and Fire Levy Funds, respectively, resulting in the understatement these revenues.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004 (Continued)

Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)

- Miscellaneous receipts of \$6,982 and \$1,716 were not posted to the General and Cemetery Funds, respectively, resulting in the understatement these revenues.
- Interest receipts of \$443, \$50 and \$140 were not posted to the General, Motor Vehicle License Tax and Gasoline Tax Funds, respectively, resulting in the understatement these revenues.
- Remittances relating to federal income taxes, OPERS and Ohio Job and Family Services were not posted resulting in the understatement of General Fund - General Government expenditures by \$1,699, Gasoline Tax - General Government expenditures by \$142, Gasoline Tax - Public Works expenditures by \$653, Road and Bridge - Public Works expenditures by \$436, Cemetery Fund - Health expenditures by \$367, Cemetery Levy Fund - Public Works expenditures by \$269 and Cemetery Levy Fund - Health expenditures by \$419.
- Expenditures relating to telephone service and insurance premiums were not posted resulting in the understatement of General Fund General Government expenditures by \$4,367.

Additional errors noted during the 2012 proof of cash are as follows:

- Payroll checks marked as voided in the system but subsequently cleared the bank resulted in the understatement of Cemetery Fund - Health expenditures by \$382 and Cemetery Levy Fund - Health expenditures by \$763.
- State income tax remittances posted incorrectly resulted the overstatement of General Fund - General Government expenditures by \$109, Gasoline Tax Fund - General Government expenditures by \$44, Gasoline Tax Fund - Public Works expenditures by \$55, Road and Bridge Fund - Public Works expenditures by \$365, Cemetery Fund - Health expenditures by \$32 and Cemetery Levy Fund - Health expenditures by \$293.
- A memo expenditure posted in error resulted in the overstatement of Cemetery Levy Fund - Health expenditures of \$300.
- Receipts posted twice resulting in the overstatement of Intergovernmental Receipts in the General and Gasoline Tax Funds by \$824 and \$2,544, respectively, as well as the understatement of Road and Bridge - Other Financing Sources by \$1,430 and Cemetery Fund - Miscellaneous Receipts by \$200.

We also noted several mispostings within and between funds during 2012 for which adjustments were made to the audited financial statements as follows:

- Intergovernmental receipts totaling \$1,449 and Miscellaneous receipts totaling \$2,842 were posted incorrectly to Taxes in the General Fund.
- Miscellaneous receipts of \$3,844 for the Cemetery Fund were posted incorrectly to the General Fund as Tax receipts.
- Reimbursement receipts of \$938 for the Summer Youth Program were posted as Taxes to the General Fund instead of to the Cemetery Levy Fund from which program expenses were paid.
- Tax receipts were posted a net instead of gross, resulting in \$1,438 increase in General Government expenditures to the General Fund, a \$952 increase in Public Works expenditures to the Road and Bridge Fund, a \$158 increase in General Government expenditures to the Cemetery Levy Fund and a \$599 increase in Public Safety Expenditures to the Fire Levy Fund.
- Intergovernmental receipts of \$2,616 for the Gasoline Tax Fund were incorrectly posted to Taxes in the General Fund at the incorrect amount of \$31,555 resulting in fund balance adjustments.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004 (Continued)

Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)

- Intergovernmental receipts of \$775, \$128 and \$487 were incorrectly posted to the General Fund instead of the Road and Bridge, Cemetery Levy and Fire Levy Funds, respectively.
- Intergovernmental receipts of \$44, \$9 and \$33 were incorrectly posted to the Road and Bridge Fund instead of the General, Cemetery Levy and Fire Levy Funds, respectively.
- Reimbursement receipts of \$292 for the Summer Youth Program were posted as License, Permits and Fees to the Cemetery Fund instead of to Intergovernmental in the Cemetery Levy Fund from which program expenses were paid.
- Reimbursement receipts of \$516 for the Summer Youth Program were posted incorrectly as Taxes instead of to Intergovernmental in the Cemetery Levy Fund from which program expenses were paid.
- Miscellaneous receipts of \$2,815 for the Cemetery Fund were posted incorrectly to the Cemetery Levy Fund as Tax receipts.
- Intergovernmental receipts of \$707, \$117 and \$445 were posted as Taxes in the Road and Bridge, Cemetery Levy and Fire Levy Funds, respectively.
- Debt disbursements of \$1,309 and \$241 were improperly classified to General Government rather than as Principal and Interest, respectively, in the General Fund, of \$464 and \$86 to Public Works rather than as Principal and Interest, respectively, in the Motor Vehicle License Tax Fund, of \$5,150 and \$950 to Public Safety and Public Works rather than as Principal and Interest, respectively, in the Gasoline Tax Fund, and of \$844 and \$156 to Health rather than as Principal and Interest, respectively, in the Cemetery Levy Fund.
- OPERS disbursement posted improperly to the Cemetery Levy Fund resulted in an increase of expenditures of \$470 to General Government in the General Fund.

Because the Township did not reconcile at December 31, 2013, we performed a proof of cash. As a result of this procedure, the following transactions cleared the bank account but were not posted to the accounting system:

- Miscellaneous receipts totaling \$17,701 were not posted correctly or at all to the General Fund resulting in a fund balance adjustment.
- Interest receipts of \$28, \$2 and \$12 were not posted to the General, Motor Vehicle License Tax and Gasoline Tax Funds, respectively, resulting in fund balance adjustments.

We also noted several mispostings within and between funds during 2013 for which adjustments were made to the audited financial statements as follows:

- Tax receipts were posted at net instead of gross, resulting in \$1,601 increase in General Government Expenditures to the General Fund, a \$1,394 increase in Public Works Expenditures to the Road and Bridge Fund, a \$767 increase in Public Works Expenditures to the Cemetery Levy Fund, a \$1,096 increase in Public Safety Expenditures to the Fire Levy Fund.
- Intergovernmental receipts totaling \$2,153, \$8,072 and \$14,069 were posted incorrectly to Taxes in the General, Road and Bridge and Cemetery Levy Funds, respectively.
- Tax receipts totaling \$342 and \$13,618 were posted incorrectly as Intergovernmental in the General Fund and Fire Levy Fund, respectively.
- Tax receipts totaling \$342, \$410, \$68 and \$13,876 were posted incorrectly as Intergovernmental in the General, Road and Bridge, Cemetery Levy and Fire Levy funds, respectively.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004 (Continued)

Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)

- Intergovernmental receipts of \$1,613, \$267 and \$1,013 were posted incorrectly to the General Fund rather than to the Road and Bridge, Cemetery Levy and Fire Levy funds, respectively.
- Intergovernmental receipts of \$2,271 for the Gasoline Tax Fund were posted incorrectly to the Motor Vehicle License Tax Fund.
- Tax receipts totaling \$9,436 for the Road and Bridge Fund were posted incorrectly to the Fire Levy Fund.
- Reimbursement receipts totaling \$8,362 for the Summer Youth Program were posted to the General Fund instead of to the Motor Vehicle License Tax, Gasoline Tax, Road and Bridge and Cemetery Levy funds from which program expenses were paid.
- Interest receipts of \$95 and Miscellaneous receipts of \$2,837 were posted incorrectly to the Permanent Fund rather than to the General and Cemetery Funds, respectively.
- Insurance premium disbursements of \$13,118, \$1,278 and \$272 were posted incorrectly resulting in an increase in General Fund, General Government expenditures, an increase in Gasoline Tax Fund, General Government expenditures and Gasoline Tax Fund, Public Safety expenditures, respectively.
- Debt disbursements of \$800 and \$1,200 were improperly classified to Public Safety rather than as Principal and Interest, respectively, in the Gasoline Tax Fund.
- OPERS disbursements posted improperly to Public Works in the Gasoline Tax Fund resulted in the understatement of \$2,973 in the General Fund, General Government expenditures, of \$1,460 in the Motor Vehicle License Tax Fund, Public Works expenditures, of \$778 in the Gasoline Tax Fund, General Government expenditures, of \$2,634 in the Road and Bridge Fund, Public Works expenditures, of \$520 in the Cemetery Fund, Health expenditures, of \$1,581 in the Cemetery Levy Fund, Public Works expenditures and of \$124 in the Cemetery Levy Fund, Health expenditures.
- Federal income tax disbursements posted improperly resulted in the overstatement of Gasoline Tax Fund, Public Works expenditure, Cemetery Fund, Health expenditures and Cemetery Levy Fund, Health expenditures of \$3,215 and \$1,268, respectively and the understatement of General Fund, General Government expenditures, Road and Bridge Fund, Public Works expenditures, Gasoline Tax Fund, General Government expenditures, Motor Vehicle License Tax Fund, Public Works expenditures, Cemetery Levy Fund, Public Works expenditures and Cemetery Levy Fund, Health expenditures of \$2,384, \$1,023, \$211, \$421, \$228 and \$216, respectively.
- State income tax disbursements posted improperly resulted in the overstatement of Gasoline Tax Fund, Public Works of \$148 and the understatement of General Fund, General Government expenditures, Motor Vehicle License Tax Fund, Public Works expenditures, Gasoline Tax Fund, General Government expenditures, Road and Bridge Fund, Public Works expenditures, Cemetery Fund, Health expenditures and Cemetery Levy Fund, Health expenditures of \$28, \$24, \$38, \$44, \$4 and \$10, respectively.
- Assigned Fund Balance was overstated and the Restricted Fund Balance understated by \$8,737 for the Motor Vehicle License Tax Fund, \$24,948 for the Gasoline Tax Fund, \$16,111 for the Cemetery Fund, \$31,293 for the Cemetery Levy Fund and \$7,246 for the Fire Levy Fund.
- Assigned fund balance was overstated and the Committed fund balance understated by \$29,036 for the Road and Bridge Fund.
- Non-spendable Fund Balance was overstated and the Restricted Fund Balance understated by \$1,390 for the Permanent Fund.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004 (Continued)

Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)

As a result, significant reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Township Fiscal Officer refer to the Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and proper classification of disbursements.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

FINDING NUMBER 2013-005

Noncompliance

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2013, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Approved Estimated Receipts	Estimated Receipts, per System	Variance
General Fund	\$ 32,022	\$ 66,157	\$ (34,135)
Cemetery Fund	3,090	-	3,090
Cemetery Levy Fund	16,133	19,203	(3,070)
Fire Levy Fund	25,004	31,278	(6,274)

At December 31, 2012, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Approved Estimated Receipts	Estimated Receipts, per System	Variance
General Fund	\$ 45,602	\$ 44,560	\$ 1,042
Motor Vehicle License Tax	8,648	6,300	2,348
Gasoline Tax Fund	86,148	60,000	26,148
Road and Bridge Fund	43,173	37,500	5,673
Cemetery Levy Fund	25,978	16,250	9,728
Fire Levy Fund	34,404	25,000	9,404

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-005 (Continued)

Noncompliance - Ohio Admin. Code § 117-2-02(C)(1) (Continued)

At December 31, 2013, approved appropriations did not agree to the Township's ledgers as follows:

Fund	Approved Appropriations	Appropriations per System	Variance
General Fund	\$ -	\$ 150,143	\$ (150,143)
Motor Vehicle License Tax	-	19,780	(19,780)
Gasoline Tax Fund	-	104,065	(104,065)
Road and Bridge Fund	-	35,280	(35,280)
Cemetery Fund	-	13,531	(13,531)
Cemetery Levy Fund	-	17,693	(17,693)
Fire Levy Fund	-	31,278	(31,278)

At December 31, 2012, approved appropriations did not agree to the Township's ledgers as follows:

Fund	Approved Appropriations	Appropriations per System	Variance
General Fund	\$ -	\$ 88,347	\$ (88,347)
Motor Vehicle License Tax	-	5,000	(5,000)
Gasoline Tax Fund	-	85,065	(85,065)
Road and Bridge Fund	-	68,200	(68,200)
Cemetery Fund	-	6,798	(6,798)
Cemetery Levy Fund	-	31,283	(31,283)
Fire Levy Fund	-	65,610	(65,610)

This caused the management of the Township to lose some degree of budgetary control since budgetary information was being improperly entered into the system.

We recommend posting estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-006

Material Weakness

Bank Reconciliations should be prepared monthly in a timely and accurate manner. For the months of February through October for 2013 and March through November of 2012 the Fiscal Officer did not reconcile the end of month bank balance to accurate end of month cash balances per the Township's accounting system.

The lack of accurate and timely performance of monthly bank reconciliations resulted in numerous errors which remained undetected and uncorrected until performance of the audit. These errors resulted in adjustments being made to the accounting system and financial statements to present accurate cash balances at year end.

We recommend the Fiscal Officer reconcile the month end bank balance to the cash balance per the accounting system on a monthly basis. We also recommend this reconciliation be reviewed and approved, as indicated by the signature of the Trustee(s) performing the review.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.

FINDING NUMBER 2013-007

Material Weakness

There was no documentation of the extent to which the Trustees reviewed bank reconciliations, financial reports and records to monitor financial activity of the Township. The insufficiency of financial information provided to the Trustees for monthly review hampers the Trustees' ability to effectively monitor the financial activity and position of the Township. The lack of controls over expenditures and financial reporting adversely affected the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. In addition, this resulted in errors and omissions occurring in the Township's annual financial statements without the timely knowledge of the Trustees.

The Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Township. This information can help answer questions such as the following:

Inquiries relevant to overall Township operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Township maximizing its return on invested cash balances?
- Is the Township able to achieve the financial goals as set by the original or amended budgets?

LETART TOWNSHIP
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)

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

FINDING NUMBER 2013-007 (Continued)

Material Weakness - Monitoring (Continued)

In order to effectively monitor the financial activity of the Township, we recommend the Trustees review and accept/approve the monthly financial information provided by the Fiscal Officer. We recommend the Fiscal Officer provide a detailed budget and classified financial statements for each regular Trustee meeting. The review of this information should be noted in the minutes of the meetings of the Trustees.

Officials' Response: We were made aware of various problems during the audit and we have tried to do everything that was recommended to correct the problems.



Dave Yost • Auditor of State

LETART TOWNSHIP

MEIGS 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 03, 2014**