



Dave Yost • Auditor of State

**LETART TOWNSHIP
MEIGS COUNTY**

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Letart Township, Meigs County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

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 § 117.38 and Ohio Administrative Code § 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 opinions.

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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township did not adjust the 2013 or 2012 financial statements to reflect the finding for adjustment.

Contrary to the Ohio Revised Code, the Township allocated the trustees' salaries to restricted funds without certifying hours spent providing these services to the Township. The Township has declined to adjust its financial statements or accounting records. Had these expenditures been debited to the General Fund, the net effect would be a decrease in the General Fund cash balance at December 31, 2013 of \$34,648 and increases in the Gasoline Tax and the Road and Bridge Funds cash balances of \$24,702 and \$9,946, respectively.

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, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 January 9, 2017, 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

January 9, 2017

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**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, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$29,651	\$80,049	\$0	\$109,700
Charges for Services	0	16,650	0	16,650
Intergovernmental	27,484	123,862	0	151,346
Earnings on Investments	503	0	1,386	1,889
Miscellaneous	3,535	15,134	0	18,669
<i>Total Cash Receipts</i>	<u>61,173</u>	<u>235,695</u>	<u>1,386</u>	<u>298,254</u>
Cash Disbursements				
Current:				
General Government	34,875	11,654	0	46,529
Public Safety	0	35,407	0	35,407
Public Works	0	174,763	0	174,763
Health	0	49,978	0	49,978
Debt Service:				
Principal Retirement	13	12,374	0	12,387
Interest and Fiscal Charges	422	991	0	1,413
<i>Total Cash Disbursements</i>	<u>35,310</u>	<u>285,167</u>	<u>0</u>	<u>320,477</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,863</u>	<u>(49,472)</u>	<u>1,386</u>	<u>(22,223)</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	5,450	0	5,450
Transfers Out	(5,450)	0	0	(5,450)
Other Financing Sources	0	2,770	0	2,770
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,450)</u>	<u>8,220</u>	<u>0</u>	<u>2,770</u>
<i>Net Change in Fund Cash Balances</i>	20,413	(41,252)	1,386	(19,453)
<i>Fund Cash Balances, January 1</i>	<u>827</u>	<u>178,638</u>	<u>46,132</u>	<u>225,597</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	43,357	43,357
Restricted	0	110,914	4,161	115,075
Committed	0	26,472	0	26,472
Assigned	21,240	0	0	21,240
<i>Fund Cash Balances, December 31</i>	<u>\$21,240</u>	<u>\$137,386</u>	<u>\$47,518</u>	<u>\$206,144</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, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$28,668	\$77,449	\$0	\$106,117
Charges for Services	0	8,675	0	8,675
Intergovernmental	21,661	124,084	0	145,745
Earnings on Investments	465	0	1,385	1,850
Miscellaneous	10,335	15,653	0	25,988
<i>Total Cash Receipts</i>	<u>61,129</u>	<u>225,861</u>	<u>1,385</u>	<u>288,375</u>
Cash Disbursements				
Current:				
General Government	66,583	10,182	0	76,765
Public Safety	0	38,516	0	38,516
Public Works	0	91,483	0	91,483
Health	0	54,048	0	54,048
Other	476	0	0	476
Capital Outlay	0	69,812	0	69,812
Debt Service:				
Principal Retirement	533	11,525	0	12,058
Interest and Fiscal Charges	778	965	0	1,743
<i>Total Cash Disbursements</i>	<u>68,370</u>	<u>276,531</u>	<u>0</u>	<u>344,901</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,241)</u>	<u>(50,670)</u>	<u>1,385</u>	<u>(56,526)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes	0	69,812	0	69,812
Other Financing Sources	515	500	0	1,015
<i>Total Other Financing Receipts (Disbursements)</i>	<u>515</u>	<u>70,312</u>	<u>0</u>	<u>70,827</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,726)</u>	<u>19,642</u>	<u>1,385</u>	<u>14,301</u>
<i>Fund Cash Balances, January 1</i>	<u>7,553</u>	<u>158,996</u>	<u>44,747</u>	<u>211,296</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	43,357	43,357
Restricted	0	137,509	2,775	140,284
Committed	0	41,129	0	41,129
Unassigned (Deficit)	827	0	0	827
<i>Fund Cash Balances, December 31</i>	<u>\$827</u>	<u>\$178,638</u>	<u>\$46,132</u>	<u>\$225,597</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, 2015 AND 2014**

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 the 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 public entity risk pool. Note 7 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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 Funds:

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Cemetery Fund – This fund receives cemetery related fees and donations for maintaining and repairing Township Cemeteries.

Cemetery Levy Fund – This fund receives property tax money for maintaining and repairing Township Cemeteries.

Fire Levy Fund – This fund receives property tax money for payment of fire protection contracts.

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. 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 approve estimated resources.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2015 and 2014 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. Non-spendable

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

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.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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 at December 31 was as follows:

	2015	2014
Demand deposits	\$162,787	\$182,240
Certificates of deposit	43,357	43,357
Total deposits	\$206,144	\$225,597

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and December 31, 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,127	\$61,173	\$23,046
Special Revenue	167,669	243,915	76,246
Permanent	0	1,386	1,386
Total	\$205,796	\$306,474	\$100,678

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$40,760	(\$40,760)
Special Revenue	0	285,167	(285,167)
Permanent	0	0	0
Total	<u>\$0</u>	<u>\$325,927</u>	<u>(\$325,927)</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,362	\$61,644	\$24,282
Special Revenue	164,853	296,173	131,320
Permanent	0	1,385	1,385
Total	<u>\$202,215</u>	<u>\$359,202</u>	<u>\$156,987</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$68,370	(\$68,370)
Special Revenue	0	276,531	(276,531)
Permanent	0	0	0
Total	<u>\$0</u>	<u>\$344,901</u>	<u>(\$344,901)</u>

Contrary to Ohio Rev. Code §§ 5705.38 and 5704.41(B), the Township did not adopt appropriation measures. As such, budgetary expenditures exceeded the appropriation authority for all funds for the years ended December 31, 2015 and 2014.

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.

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, multi-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. RETIREMENT SYSTEM (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Home National Bank Note	\$45,467	2.95%

The Township issued a bank note to finance the purchase of a new tractor for Township road and cemetery maintenance. The Township's taxing authority collateralized the note.

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

	Home National Bank Note
Year ending December 31:	
2016	\$15,055
2017	15,055
2018	15,055
2019	2,509
Total	\$47,674

7. 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,

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

7. 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$4,701	\$4,699

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.

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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 the cash balances, receipts, and disbursements by fund type of Letart Township, Meigs County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2017, wherein in we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We issued a qualified opinion on the General and Special Revenue Funds because the Township declined to fully adjust its financial statements or accounting records for the audit findings. These adjustments result in a material misstatement of General Fund and of the Gasoline Tax Fund and Road and Bridge Fund (Special Revenue Funds) cash balances as of December 31, 2013 and 2012.

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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-007 and 2015-008 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 2015-001 through 2015-007.

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

January 9, 2017

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance Citation/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 §§ 505.24 and 507.09 required 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.

The Township should refer to 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: The Township has read Ohio Rev. Code §§ 505.24(C) and 507.09 and requires the Trustees to sign certification prior to the salary distribution to Trustees.

FINDING NUMBER 2015-002

Noncompliance Citation/Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 505.24(A) states that each township trustee is entitled to a set compensation for each day of service in the business of the township, to be paid from the township treasury. Township trustees' salaries are limited to two hundred (200) days annually. The amount of compensation for fiscal year 2014 and 2015 was set at \$42.45 daily, or \$8,490.00 annually.

LETART TOWNSHIP
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

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

FINDING NUMBER 2015-002 (Continued)

Noncompliance Citation/Finding for Recovery – Repaid Under Audit (Continued)

During fiscal year 2014 trustee Christopher Wolfe was paid \$707.50 for December 2014 on check number 7638 which cleared the Township's bank account on December 30, 2014 in the net amount of \$548.54. However, this check was not marked cleared by the fiscal officer and was subsequently voided by the fiscal officer in 2015. When including this check, the Trustee Wolfe received the maximum allowable salary of \$8,490.00 for 2014. The payroll records did not reflect this final check since the Fiscal Officer incorrectly voided the check in the computer system rather than marking it cleared, however, withholdings from this check were properly remitted to the appropriate agencies. In 2015, Trustee Wolfe was a trustee for 5 months and 21 days. He was correctly paid \$707.50/month for 5 months and was paid a pro-rated amount of \$495.34 for the 21 days worked in June. However, Trustee Wolfe was also paid for an additional \$707.50 on check number 7804 for a net payment of \$548.77 on June 1, 2015, as a replacement for check number 7638 issued in 2014. The Township did not remit withholdings from this check since it was supposed to be a replacement check and withholdings were previously remitted. Since the check in 2014 did clear, this additional check resulted in Trustee Wolfe being overpaid the net amount of \$548 during 2015.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against former Trustee Christopher Wolfe and the Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the amount of \$548 and in favor of the Letart Township General Fund in the amount of \$28, in favor of the Motor Vehicle License Fund in the amount of \$219, in favor of the Gasoline Tax Fund in the amount of \$219, and in favor of the Road and Bridge Fund in the amount of \$82.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Trustee Dave Graham and Fiscal Officer Jenny Manuel approved this extra payment in 2015 for Trustee Wolfe. Accordingly, Dave Graham and Jenny Manuel and their bonding company, the Auto Owners (Mutual) Insurance Company, will be jointly and severally liable in the amount of \$548 in favor of the Letart Township's General Fund in the amount of \$28, Motor Vehicle License Fund in the amount of \$219, Gasoline Tax Fund in the amount of \$219 and the Road and Bridge Fund in the amount of \$82, to the extent that recovery is not obtained from Christopher Wolfe.

Mr. Wolfe repaid the finding on January 9, 2017 with receipt number 4-2017. The amount was repaid into the Letart Township General Fund in the amount of \$28, the Motor Vehicle License Fund in the amount of \$219, the Gasoline Tax Fund in the amount of \$219, and the Road and Bridge Fund in the amount of \$82.

Officials' Response: Mr. Christopher Wolfe has been contacted and has agreed to repay \$548 for overpayment. General Fund will be credited with the amount of \$28, Motor Vehicle License Fund will be credited with the amount of \$219, Gasoline Tax Fund will be credited with the amount of \$219, and Road and Bridge Fund will be credited with the amount of \$82.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003

Noncompliance Citation

Ohio Rev. Code § 505.262(A) authorizes a board of township trustees to issue notes of the Township to finance installment payment purchases of equipment, buildings, and sites for any lawful Township purpose. All notes issued shall be pursuant to Ohio Rev. Code § 133.20. Furthermore, the Attorney General opined that Ohio Rev. Code § 505.262(A) does not grant explicitly or implicitly the authority of the township to grant a security interest in the property purchased by the installment contract. See 1996 Op. Atty Gen. No. 1996-048.

In 2014, the Township signed a promissory note in the amount of \$69,912 (with an outstanding balance at December 31, 2015 of \$45,467) with the Home National Bank to help fund the purchase of a mower. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

The Ohio Revised Code contains various methods of incurring debt for townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for townships.

The Board of Trustees should authorize only the issuance of notes pursuant to Ohio Rev. Code § 133.20.

Officials' Response: The Township purchased the mower through the Ohio Purchasing Program (DAS) because the previous mower's cost of repair was becoming cost prohibitive because repairing the older equipment would be more than the value of the equipment and Road maintenance made it necessary to have working equipment.

FINDING NUMBER 2015-004

Noncompliance Citation

Ohio Rev. Code § 5705.38(A) requires 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 any appropriation resolutions for 2015 or 2014 although appropriation amounts were entered into the computer system. As a result, all expenditures in 2015 and 2014 were made absent of the legal appropriation authority.

The Trustees should adopt an appropriation measure annually 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: The Trustees will adopt an appropriation measure (resolution) annually to expend and obligate funds during January of each year and record it in the Township's minutes.

LETART TOWNSHIP
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

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

FINDING NUMBER 2015-005

Noncompliance Citation

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 (Board of Township Trustees) 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 not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates 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. Certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
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 certify 33% of nonpayroll transactions prior to the obligation date. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-005 (Continued)

Noncompliance Citation (Continued)

Unless the Township uses the exceptions noted above, 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, the Fiscal Officer should certify that the funds are, or will be, available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that indicate the certification language § 5705.41(D) required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: The Fiscal Officer will endeavor to certify the availability of funds prior to the commitment being incurred to the best of her ability. In prior audits, the Fiscal Officer was advised not to use "Then and Nows" because they are very "questionable" and a Purchase Order was more relevant.

FINDING NUMBER 2015-006

Noncompliance Citation

Ohio Admin. Code § 117-2-02(C)(1) states 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, 2014, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts Per UAN	Approved Estimated Receipts	Variance
General	\$ 40,318	\$ 37,362	\$ (2,956)
Motor Vehicle License	12,010	8,818	(3,192)
Gasoline Tax	83,064	82,951	(113)
Road and Bridge	30,382	31,948	1,566
Cemetery Levy	15,587	16,120	533
Fire Levy	24,032	25,016	984

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-006 (Continued)

Noncompliance Citation (Continued)

At December 31, 2015, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts Per UAN	Approved Estimated Receipts	Variance
General	\$ 38,609	\$ 38,127	\$ (482)
Motor Vehicle License	10,371	8,721	(1,650)
Road and Bridge	31,825	33,669	1,844
Cemetery	284	-	(284)
Cemetery Levy	15,918	16,202	284
Fire Levy	25,110	25,089	(21)

At December 31, 2014, approved appropriations did not agree to the Township's ledgers as follows:

Fund	Appropriations Per UAN	Approved Appropriations	Variance
General	\$ 89,466	\$ -	\$ (89,466)
Motor Vehicle License	21,016	-	(21,016)
Gasoline Tax	94,263	-	(94,263)
Road and Bridge	46,714	-	(46,714)
Cemetery	29,773	-	(29,773)
Cemetery Levy	44,525	-	(44,525)
Fire Levy	31,777	-	(31,777)
Permanent	4,321	-	(4,321)

At December 31, 2015, approved appropriations did not agree to the Township's ledgers as follows:

Fund	Appropriations Per UAN	Approved Appropriations	Variance
General	\$ 53,095	\$ -	\$ (53,095)
Motor Vehicle License	16,725	-	(16,725)
Gasoline Tax	141,800	-	(141,800)
Road and Bridge	67,405	-	(67,405)
Cemetery	31,048	-	(31,048)
Cemetery Levy	23,675	-	(23,675)
Fire Levy	35,110	-	(35,110)

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

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-006 (Continued)

Noncompliance Citation (Continued)

The Fiscal Officer should post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees 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: The Fiscal Officer will post estimated receipts and the appropriations as approved by the Board of Trustees after certification from the County Budget Commission.

FINDING NUMBER 2015-007

Noncompliance Citation/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.

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 which resulted in adjustments to the financial statements necessary to accurately reconcile as noted below.

For 2014:

- Interest was not posted to the General Fund in the amount of \$465 resulting in an increase to General Fund Interest receipts.
- Electronic Fund Payments were not posted resulting in an increase to General Fund General Government disbursements in the amount of \$257.
- Errors were made in posting withholdings resulting in an increase to General Fund General Government disbursements in the amount of \$324.
- A check was posted twice and marked cleared twice that was only written and cleared once in the amount of \$51 resulting in a decrease to Road and Bridge Fund Public Works disbursements.
- A check cleared the bank but was marked void in the amount of \$20 resulting in an increase in Gasoline Tax Fund Public Works disbursements.
- Fund Balance adjustments were made to correct an error in payroll allocations rather than using memo entries to correct the posting, resulting in an increase in General Fund General Government disbursements in the amount of \$2,335, an increase in Motor Vehicle License (MVL) Fund Public Works disbursements in the amount of \$743, an increase in Road and Bridge Fund Public Works disbursements in the amount of \$530, an increase in Cemetery Fund Health disbursements in the amount of \$531, and an increase in Cemetery Levy Fund Health disbursements in the amount of \$531 with increases to beginning fund balances in the General Fund by \$2,324, in the MVL Fund by \$743, in the Road and Bridge Fund by \$530, in the Cemetery Fund by \$531 and in the Cemetery Levy Fund by \$531.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-007 (Continued)

Noncompliance Citation/Material Weakness (Continued)

For 2015:

- Interest was not posted to the General Fund in the amount of \$503 resulting in an increase to General Fund Interest receipts.
- Check charges were not posted to the General Fund in the amount of \$18 resulting in an increase to General Fund General Government disbursements.
- Withholdings were posted higher than amounts remitted resulting in a decrease to General Fund General Government disbursements in the amount of \$256, a decrease in (MVL) Fund Public Works disbursements in the amount of \$95, a decrease in Gasoline Tax Fund Public Works and General Government disbursements in the amounts of \$1,089 and \$85 respectively, a decrease in Road and Bridge Fund Public Works disbursements in the amount of \$61, a decrease in Cemetery Fund Health disbursements in the amount of \$530 and a decrease in Cemetery Levy Fund Public Works and Health disbursements in the amounts of \$30 and \$10 respectively.
- A fund balance adjustment was made to the beginning balance of the Gasoline Tax Fund in the amount of \$548 due to voiding a check that cleared the bank resulting in a decrease to the Gasoline Tax beginning fund balance.

We also noted several other posting errors within and between funds for which adjustments were made to the audited financial statements as listed below.

For 2014:

- Intergovernmental receipts were incorrectly posted as Taxes resulting in an increase of General Fund Intergovernmental receipts and a decrease to General Fund Taxes in the amount of \$3,567, an increase to Road and Bridge Fund Intergovernmental receipts and a decrease to Road and Bridge Fund Taxes in the amount of \$4,281, an increase to Cemetery Levy Fund Intergovernmental receipts and a decrease to Cemetery Levy Fund Taxes in the amount of \$3,567, and an increase to Fire Levy Fund Intergovernmental receipts and a decrease to Fire Levy Fund Taxes in the amount of \$3,567.
- Taxes and Intergovernmental receipts were incorrectly posted resulting in a decrease to General Fund Taxes in the amount of \$4,132, an increase in General Fund Intergovernmental receipts in the amount of \$1,391, an increase in General Fund General Government (to post withholdings) in the amount of \$118, an increase in Road and Bridge Fund Intergovernmental receipts of \$1,844, an increase in Road and Bridge Fund Public Works of \$141, an increase in Cemetery Levy Intergovernmental receipts of \$261, an increase in Cemetery Levy Health of \$20, an increase in Fire Levy Intergovernmental receipts of \$990, and an increase in Fire Levy Public Safety of \$76.
- Reimbursements for expenditures were posted to the General Fund in the amount of \$10,673 when the original expenditure was recorded in the Cemetery Fund resulting in a decrease of General Fund Miscellaneous receipts and an increase to Miscellaneous receipts in the Cemetery Fund.
- Principal and interest payments were not correctly posted, resulting in an increase in General Fund Principal in the amount of \$533 and a decrease in General Fund Interest and General Fund General Government of \$369 and \$164 respectively, an increase in Gasoline Tax Fund Principal of \$3,283 and Interest of \$317 and a decrease in Gasoline Tax Public Works of \$3,600, and an increase in Road and Bridge Fund Principal of \$7156 and interest of \$479 with a decrease in Road and Bridge Fund Public Works of \$7,635, and in increase in Cemetery Levy Principal of \$1,086 and Interest of \$169 with a decrease in Cemetery Levy Health of \$1,255.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-007 (Continued)

Noncompliance Citation/Material Weakness (Continued)

- Proceeds of Debt and related capital outlay were not posted resulting in an increase in Road and Bridge Fund Sale of Notes in the amount of \$69,912 and an increase in Road and Bridge Fund Capital Outlay in the amount of \$69,912.
- Fund balances were incorrectly posted in the Special Revenue Funds as Assigned rather than Restricted in the amounts of \$6,354 in the MVL Fund, \$71,282 in the Gasoline Tax Fund, \$30,764 in the Cemetery Fund, \$7,880 in the Cemetery Levy Fund, and \$10,021 in the Fire Levy Fund, and as Assigned rather than Committed in the amount of \$39,375 in the Road and Bridge Fund, and as Nonexpendable rather than Restricted in the Permanent Fund in the amount of \$2,175.
- A refund was posted to the Permanent Fund when the original receipt was posted to the Cemetery Fund resulting in an increase in Cemetery Fund Health and a decrease to Permanent Fund Health in the amount of \$600.
- Cemetery Fund charges were incorrectly posted resulting in an increase to Cemetery Fund Charges for Services and a decrease to Cemetery Fund Licenses, Permits and Fees in the amount of \$8,675.
- Gasoline Tax Fund disbursements were incorrectly posted resulting in an increase in Gasoline Tax Fund Public Works and a decrease in Gasoline Tax Fund Public Safety in the amount of \$6,226.

For 2015:

- Intergovernmental receipts were incorrectly posted as Taxes resulting in an increase of General Fund Intergovernmental receipts and a decrease to General Fund Taxes in the amount of \$3,567, an increase to Road and Bridge Fund Intergovernmental receipts and a decrease to Road and Bridge Fund Taxes in the amount of \$8,114, an increase to Cemetery Levy Fund Intergovernmental receipts and a decrease to Cemetery Levy Fund Taxes in the amount of \$6,761, and an increase to Fire Levy Fund Intergovernmental receipts and a decrease to Fire Levy Fund Taxes in the amount of \$6,761.
- Permanent Fund interest of \$1,386 was incorrectly posted to interest in the General Fund resulting in an increase to Permanent Fund Interest and a decrease to General Fund Interest.
- Reimbursements for expenditures were posted to the General Fund in the amount of \$4,581 when the original expenditure was recorded in the Cemetery Fund in the amount of \$4,031 and the Gasoline Tax Fund in the amount of \$550 resulting in a decrease of General Fund Miscellaneous receipts and an increase to Miscellaneous receipts in the Cemetery and Gasoline Tax Funds.
- A MVL receipt of \$296 was incorrectly posted to the General Fund rather than the MVL Fund resulting in a decrease to General Fund Taxes and an increase to MVL Fund Intergovernmental receipts.
- Principal and interest payments were incorrectly posted, resulting in an increase in General Fund Principal and a decrease in General Fund Interest of \$13, an increase in MVL Fund Principal of \$2,516 and interest of \$117 with a decrease in MVL Fund Public Works of \$2,633, an increase in Gasoline Tax Fund Principal of \$980 and a decrease in Gasoline Tax Public Safety of \$980, and an increase in Road and Bridge Fund Principal of \$8,878 and interest of \$874 with a decrease in Road and Bridge Fund Public Works of \$1,048 and Capital Outlay of \$8,704.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-007 (Continued)

Noncompliance Citation/Material Weakness (Continued)

- Fund balances were incorrectly posted in the General Fund as Unassigned rather than Assigned in the amount of \$21,240, in the Special Revenue Funds as Assigned rather than Restricted in the amounts of \$11,415 in the MVL Fund, \$33,121 in the Gasoline Tax Fund, \$30,386 in the Cemetery Fund, \$10,143 in the Cemetery Levy Fund, and \$8,473 in the Fire Levy Fund, and as Assigned rather than Committed in the amount of \$24,657 in the Road and Bridge Fund, and as Nonexpendable rather than Restricted in the Permanent Fund in the amount of \$2,175.
- Gasoline Tax receipts of \$7,394 were incorrectly posted to the MVL Fund resulting in an increase in Gasoline Tax Fund Intergovernmental receipts and a decrease in MVL Fund Intergovernmental receipts.
- MVL Fund receipts were incorrectly posted as Licenses, Permits and Fees in the amount of \$9,440 resulting in an increase in MVL Fund Intergovernmental receipts and a decrease in MVL Fund Licenses, Permits and Fees.
- Cemetery Fund charges were incorrectly posted resulting in an increase to Cemetery Fund Charges for Services and a decrease to Cemetery Fund Licenses, Permits and Fees in the amount of \$16,650.
- Disbursements were incorrectly posted as capital outlay, resulting in an increase in Road and Bridge Fund Public Works disbursements and a decrease in Road and Bridge Fund Capital Outlay in the amount of \$1,296 and an increase in Cemetery Fund Health disbursements and a decrease in Cemetery Fund Capital Outlay in the amount of \$5,555.
- Gasoline Tax Fund disbursements were incorrectly posted resulting in an increase in Gasoline Tax Fund Public Works and a decrease in Gasoline Tax Fund Public Safety in the amount of \$15,674.

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

The Township Fiscal Officer should refer to the Township Handbook for proper classification of receipts and disbursements 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: The Fiscal Officer will refer to the Township Handbook for proper classification of receipts and disbursements to reflect appropriate receipt sources and disbursement classification.

LETART TOWNSHIP
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

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

FINDING NUMBER 2015-008

Material Weakness

Bank reconciliations should be prepared monthly in a timely and accurate manner. Upon testing of 2015 and 2014 year end bank reconciliations, it was discovered the bank reconciliations did not actually reconcile. Errors noted included payments that cleared in previous months that were still listed as outstanding, interest that was not posted during the entire two years, direct bank charges were not posted, and electronic fund payments for withholdings did not always agree to amounts posted despite the bank reconciliations being updated regularly on the UAN system. Therefore, 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 the 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.

The Fiscal Officer should reconcile the month end bank balance to the cash balance per the accounting system on a monthly basis. The bank reconciliation should be reviewed and approved, as indicated by the signature of reviewing trustee(s).

Officials' Response: The Fiscal Officer will reconcile the monthly bank reconciliation and be reviewed and approved by the indication of trustees' signatures.

**LETART TOWNSHIP
MEIGS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Finding for Adjustment – Trustees pay being paid from restricted fund in the absence of certifications	No	Not Corrected. Reissued as Finding Number 2015-001
2013-002	Noncompliance with Ohio Rev. Code §5705.38 and 5705.41(B) for not passing appropriation resolutions for 2013 and 2012.	No	Not Corrected. Reissued as Finding Number 2015-004.
2013-003	Noncompliance with Ohio Rev. Code §5705.41 (D) for not properly certifying availability of funds prior to purchase commitment.	No	Not Corrected. Reissued as Finding Number 2015-005.
2013-004	Noncompliance and Material Weakness with Ohio Admin. Code §117-2-02(A) for mispostings in the financial statements.	No	Not Corrected. Reissued as Finding Number 2015-007.
2013-005	Noncompliance with Ohio Admin. Code §117-2-02(C)(1) for approved estimated receipts and appropriations not agreeing to the Township’s UAN System.	No	Not Corrected. Reissued as Finding Number 2015-006.
2013-006	Material Weakness for not preparing accurate bank reconciliations.	No	Not Corrected. Reissued as Finding Number 2015-008.
2013-007	Material Weakness for Trustees lack of monitoring financial information of the Township.	Yes	



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
FEBRUARY 2, 2017**