



**LETART TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**LETART TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	16

This page intentionally left blank.



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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Letart Township
Meigs County
23238 Hill Road
Racine, Ohio 45771

To the Board of Trustees:

We have audited the accompanying financial statements of Letart Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Letart Township, Meigs County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

April 13, 2000

**LETART TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$34,851	\$102,454		\$137,305
Intergovernmental	17,120	66,315		83,435
Licenses, Permits, and Fees		6,190		6,190
Gifts and Donations			\$1,863	1,863
Earnings on Investments	1,038	589	1,904	3,531
Other Revenue	289	1,894		2,183
	<u>53,298</u>	<u>177,442</u>	<u>3,767</u>	<u>234,507</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	46,797	1,707		48,504
Public Safety		37,401		37,401
Public Works		90,376		90,376
Health		27,427	6,774	34,201
Debt Service:				
Redemption of Principal		38,932		38,932
Interest and Fiscal Charges		2,296		2,296
Capital Outlay		77		77
	<u>46,797</u>	<u>198,216</u>	<u>6,774</u>	<u>251,787</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>6,501</u>	<u>(20,774)</u>	<u>(3,007)</u>	<u>(17,280)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		10,000		10,000
Transfers-Out	(10,000)			(10,000)
Other Sources	2,025	17,368		19,393
Other Uses		(13,673)		(13,673)
	<u>(7,975)</u>	<u>13,695</u>	<u>0</u>	<u>5,720</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,474)	(7,079)	(3,007)	(11,560)
Fund Cash Balances, January 1	<u>5,968</u>	<u>44,703</u>	<u>41,723</u>	<u>92,394</u>
Fund Cash Balances, December 31	<u>\$4,494</u>	<u>\$37,624</u>	<u>\$38,716</u>	<u>\$80,834</u>

**LETART TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$30,774	\$97,770	\$6,000		\$134,544
Intergovernmental	30,408	88,971			119,379
Licenses, Permits, and Fees		5,950			5,950
Gifts and Donations				\$2,107	2,107
Earnings on Investments	1,606	2,152		240	3,998
Other Revenue	154	4,977		618	5,749
	<u>62,942</u>	<u>199,820</u>	<u>6,000</u>	<u>2,965</u>	<u>271,727</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	65,917	11,447			77,364
Public Safety		32,713			32,713
Public Works		87,797			87,797
Health		39,791			39,791
Debt Service:					
Redemption of Principal		13,697	3,796		17,493
Interest and Fiscal Charges		1,316	2,204		3,520
Capital Outlay		13,977			13,977
	<u>65,917</u>	<u>200,738</u>	<u>6,000</u>	<u>0</u>	<u>272,655</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(2,975)</u>	<u>(918)</u>	<u>0</u>	<u>2,965</u>	<u>(928)</u>
Other Financing Receipts/(Disbursements):					
Other Sources	4,500	3,387			7,887
	<u>4,500</u>	<u>3,387</u>	<u>0</u>	<u>0</u>	<u>7,887</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,525	2,469	0	2,965	6,959
Fund Cash Balances, January 1 (As Restated Note 2)	4,443	42,234	0	38,758	85,435
Fund Cash Balances, December 31	<u>\$5,968</u>	<u>\$44,703</u>	<u>\$0</u>	<u>\$41,723</u>	<u>\$92,394</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Letart Township, Meigs County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Village of Racine to provide fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Cash accounts, certificates of deposit and cemetery perpetual care savings accounts are valued at cost. The Township has no investments.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund in 1998:

General Note Retirement Fund - This fund received property tax money to retire note debt incurred to purchase heavy equipment. During 1998, the Township paid a portion of its truck loan with real estate taxes; therefore, the financial statement ending December 31, 1998 reflects a Debt Service Fund. During 1999, however, the Township paid the balance of its truck loan out of Special Revenue Funds, as permitted by Ohio law; therefore, the financial statement ending December 31, 1999 does not reflect a Debt Service Fund.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following significant Fiduciary Funds:

Cemetery Expendable Trust Fund - This fund receives donations and interest income. The income is to be used for maintaining Township cemeteries.

Nonexpendable Trust Fund - This fund maintains the trust corpus and receives the interest income earned. The income is to be used for perpetual care of certain graves or cemeteries.

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**LETART TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 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 1999 and 1998 budgetary activity appears in Note 5.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. PRIOR PERIOD ADJUSTMENT

The financial statement ending December 31, 1998 contains a prior period adjustment as a result of the Township having not reported the trust corpus of Cemetery Perpetual Care Savings Accounts maintained on its behalf by its designated depository as a Nonexpendable Trust Fund in the prior audit. Fund cash balance of the Fiduciary Funds at January 1, 1998 has been restated for this change as follows:

	Fiduciary Funds
Fund Cash Balance as Previously Reported, December 31, 1997	\$4,012
Add Trust Corpus of Cemetery Perpetual Care Savings Accounts	34,746
	\$38,758
Restated Fund Cash Balance, January 1, 1998	\$38,758

3. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	1999	1998
Demand deposits	\$42,118	\$50,911
Savings deposits for cemetery perpetual care	38,716	36,853
Certificates of deposit	0	4,630
	\$80,834	\$92,394
Total deposits	\$80,834	\$92,394

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

3. EQUITY IN POOLED CASH (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

4. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,587	\$55,323	\$8,736
Special Revenue	192,254	204,810	12,556
Fiduciary	0	3,767	3,767
Total	\$238,841	\$263,900	\$25,059

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$56,797	(\$56,797)
Special Revenue	0	211,889	(211,889)
Fiduciary	0	6,774	(6,774)
Total	\$0	\$275,460	(\$275,460)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,654	\$67,442	(\$212)
Special Revenue	220,772	203,207	(17,565)
Debt Service	0	6,000	6,000
Fiduciary	0	2,965	2,965
Total	\$288,426	\$279,614	(\$8,812)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,200	\$65,917	(\$11,717)
Special Revenue	199,038	200,738	(1,700)
Debt Service	0	6,000	(6,000)
Fiduciary	0	0	0
Total	\$253,238	\$272,655	(\$19,417)

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

4. BUDGETARY ACTIVITY (Continued)

The Township did not adopt an annual appropriation measure for 1999, or amend its appropriations for 1998. As a result, the Township expended money in 1999 without an approved appropriation measure and expenditures exceeded appropriations in several funds in 1998.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- Legal liability - third party claims
- Wrongful acts
- Automobile liability and physical damage
- Property, including electronic data processing equipment

The Township also provides health insurance to its trustees and full-time employees through private carriers.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor.

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

9. SUBSEQUENT EVENTS

The Township had no debt outstanding at December 31, 1999; however, on January 4, 2000, the Township obtained a \$44,104 loan to finance the purchase of a new backhoe on February 7, 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Letart Township
Meigs County
23238 Hill Road
Racine, Ohio 45771

To the Board of Trustees:

We have audited the accompanying financial statements of Letart Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-40753-001, 1999-40753-002 and 1999-40753-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely effect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as item 1999-40753-004, 1999-40753-005 and 1999-40753-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 13, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

April 13, 2000

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

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

FINDING NUMBER 1999-40753-001

Noncompliance Citation

Ohio Rev. Code § 5705.38 requires that, on or about the first day of each fiscal year, an appropriation measure be adopted. 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 ordinary expenses until April 1.

The Township did not present evidence that it adopted an annual appropriation measure for 1999. As a result, the Township expended money throughout the 1999 year without a properly approved appropriation measure.

We recommend the Township complete and adopt an annual appropriation measure on or about the first day of each fiscal year, adopt a temporary measure until April 1 and/or before the expenditure of any money.

FINDING NUMBER 1999-40753-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

For the year ended December 31, 1998, actual disbursements exceeded appropriations in the General Fund by \$11,717, in the Federal Emergency Management Agency (FEMA) #2901 Fund by \$10,121, in the FEMA #2903 Fund by \$5,414, in the General Note Retirement Fund by \$6,000. For the year ended December 31, 1999, actual disbursements exceeded appropriations in all Township funds by the total amounts of disbursements made, due to no appropriations being adopted or filed by the Township.

This could result in expenditures exceeding available fund balances.

We recommend the Township adopt an appropriation measure before expenditure of any money, then review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations and seek amendments, as needed, from the Board of Township Trustees and County Budget Commission.

FINDING NUMBER 1999-40753-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) provides that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

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

**FINDING NUMBER 1999-40753-003
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code § 5705.41(D) provides two "exceptions" to the above requirement:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrances, the Board of Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Township Trustees.

For ninety-five (95%) percent of the transactions tested, the Township did not obtain the necessary prior certification of available funds before incurring the commitments.

We recommend the Township properly utilize purchase orders and obtain the fiscal officer's certification of the availability of funds prior to a commitment being incurred.

FINDING NUMBER 1999-40753-004

Reportable Condition

Nonexpendable Trust Fund

Nonexpendable Trust Funds are to be used to account for legally restricted resources. The Township's designated depository; namely, the Home National Bank, maintained restricted Cemetery Perpetual Care Savings Accounts on behalf of the Township and its various residents. These accounts were not reflected on the Township records or reported on the Township's financial statements; therefore, the financial statements required audit adjustments to properly reflect the restricted assets of the Township.

We recommend the Township record and report the restricted Cemetery Perpetual Care Savings Accounts activity as a Nonexpendable Trust Fund.

FINDING NUMBER 1999-40753-005

Reportable Condition

Classifications of Receipts and Disbursements

The Township did not always properly classify its receipts and disbursements (i.e. FEMA money and various refunds and reimbursements were classified as "Other Revenue" instead of "Intergovernmental Receipts" and "Other Financing Sources;" respectively; debt payments in various Special Revenue funds were classified as "Public Works" and "Health" instead of "Note Principal Payment" and "Interest and Fiscal Charges;" real estate taxes designated for debt repayment in the General Note Retirement Fund was classified as "Other Financing Sources" instead of "Taxes;" etc.). This resulted in numerous significant reclassifications being necessary, and such reclassifications were made and are reflected in the accompanying financial statements, in order for the line items not to be significantly misstated.

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

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

**FINDING NUMBER 1999-40753-005
(Continued)**

Reportable Condition (Continued)

Classifications of Receipts and Disbursements (Continued)

We recommend the Township Clerk research, better utilize and follow the Uniform Accounting Network chart of accounts, which was developed as prescribed by the Ohio Administrative Code, in order to more accurately reflect the financial transactions of the Township.

FINDING NUMBER 1999-40753-006

Reportable Condition

Budgetary Reporting

The Township did not have control procedures in place to ensure that budgetary reports and financial statements accurately reflected the amounts of budgeted revenues and appropriations, adopted by the Board of Township Trustees and certified to the County Budget Commission.

This resulted in audit adjustments to the Comparison of Budgeted and Actual Receipts and Comparison of Disbursements and Encumbrances With Expenditure Authority financial statements for various over/understatements. This could also result in the Township officials having insufficient or inaccurate information to make management decisions that affect the financial position of the Township.

We recommend that the Township officials take the necessary steps to implement procedures to ensure that required budgetary forms are accurately completed, presented and adopted by the Board of Township Trustees; filed with the County Budget Commission; and the budgetary reports and financial statements accurately reflect budgeted revenues and appropriations in order to make informed financial decisions.

**LETART TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1997-40753-001	A prior audit finding for recovery not repaid in the amount of \$2,000 against the Township Clerk for overcompensation, contrary to Ohio Rev. Code §507.09 was reissued.	Yes	
1997-40753-002	A prior audit finding for recovery not repaid in the amount of \$2,400 against the Township Trustees (\$800 each) for overcompensation, contrary to Ohio Rev. Code §505.24 was reissued.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JUNE 6, 2000**