



**FEARING TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Fearing Township
Washington County
RR 10 Box 11
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Fearing Township, Washington 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 audits 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 audits 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 audits provide 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 Fearing Township, Washington 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 January 17, 2001 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.

Jim Petro
Auditor of State

January 17, 2001

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FEARING TOWNSHIP
WASHINGTON COUNTY

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$11,652	\$38,964	\$0	\$0	\$50,616
Intergovernmental	47,133	90,601		34,737	172,471
Earnings on Investments	2,600	429			3,029
Other Revenue	2,040				2,040
Total Cash Receipts	<u>63,425</u>	<u>129,994</u>	<u>0</u>	<u>34,737</u>	<u>228,156</u>
Cash Disbursements:					
Current:					
General Government	44,917				44,917
Public Safety		21,448			21,448
Public Works		85,705			85,705
Health	4,533				4,533
Capital Outlay	3,925	201		65,526	69,652
Total Cash Disbursements	<u>53,375</u>	<u>107,354</u>	<u>0</u>	<u>65,526</u>	<u>226,255</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>10,050</u>	<u>22,640</u>	<u>0</u>	<u>(30,789)</u>	<u>1,901</u>
 Fund Cash Balances, January 1	 <u>9,888</u>	 <u>40,595</u>	 <u>47,903</u>	 <u>37,956</u>	 <u>136,342</u>
Fund Cash Balances, December 31	<u>\$19,938</u>	<u>\$63,235</u>	<u>\$47,903</u>	<u>\$7,167</u>	<u>\$138,243</u>

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

FEARING TOWNSHIP
WASHINGTON COUNTY

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$10,609	\$38,855	\$0	\$0	\$49,464
Intergovernmental	35,408	118,383		61,768	215,559
Earnings on Investments	2,057	240			2,297
Other Revenue	3,640				3,640
Total Cash Receipts	51,714	157,478	0	61,768	270,960
Cash Disbursements:					
Current:					
General Government	47,856				47,856
Public Safety		22,485			22,485
Public Works		112,047			112,047
Health	4,926				4,926
Debt Service:					
Redemption of Principal	20,000				20,000
Interest and Fiscal Charges	239				239
Capital Outlay		194		30,484	30,678
Total Cash Disbursements	73,021	134,726	0	30,484	238,231
Total Cash Receipts Over/(Under) Cash Disbursements	(21,307)	22,752	0	31,284	32,729
Restated Fund Cash Balances, January 1 (See Note 3)	31,195	17,843	47,903	6,672	103,613
Fund Cash Balances, December 31	\$9,888	\$40,595	\$47,903	\$37,956	\$136,342

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

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fearing Township, Washington 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, and cemetery maintenance. The Township contracts with the Fearing Township Volunteer Fire Department 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. 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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

Fire Levy Fund - This fund receives property tax money for contracting for fire coverage of the Township.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund

OPWC Issue II Fund - This fund receives money from the Ohio Public Works Commission for major permanent improvements.

The Township did not use a Permissive Sales Tax Fund, Special Revenue Fund type for county permissive sales tax monies spent on their behalf by the Washington County engineer's office, contrary to Ohio Rev. Code Section 5705.09.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

E. Property, Plant and Equipment

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

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Total demand deposits	<u>\$138,243</u>	<u>\$136,342</u>

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

3. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 1997, an adjustment resulted in fund balance restatement.

	<u>Fund Balance at December 31, 1997</u>	<u>Restatement Amount</u>	<u>Fund Balance at January 1, 1998</u>
<u>Governmental Funds:</u>			
General	\$10,596	\$20,599	\$31,195
Special Revenue	\$18,598	(\$755)	\$17,843
Capital Projects	\$26,516	(\$19,844)	\$6,672

The changes in fund balances for the General, Special Revenue, and Capital Projects Funds are the result of adjustments for posting errors in the prior period.

4. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,704	\$63,425	\$20,721
Special Revenue	106,918	129,994	23,076
Debt Service	0	0	0
Capital Projects	0	34,737	34,737
Total	\$149,622	\$228,156	\$78,534

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

4. BUDGETARY ACTIVITY(Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,800	\$53,375	\$1,425
Special Revenue	144,800	107,354	37,446
Debt Service	47,903	0	47,903
Capital Projects	37,957	65,526	(27,569)
Total	\$285,460	\$226,255	\$59,205

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,984	\$51,714	\$8,730
Special Revenue	110,757	157,478	46,721
Debt Service	0	0	0
Capital Projects	0	61,768	61,768
Total	\$153,741	\$270,960	\$117,219

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,300	\$73,021	\$279
Special Revenue	118,082	134,726	(16,644)
Debt Service	47,903	0	47,903
Capital Projects	6,673	30,484	(23,811)
Total	\$245,958	\$238,231	\$7,727

The Township did not consistently obtain prior clerk's certification for disbursements during 1999 and 1998, contrary to Ohio Rev. Code Section 5705.41(D). During 1999 the Township receipted money into the Issue II, Capital Project Fund type and during 1998 the Township receipted money into the Federal Emergency Grant Fund, Special Revenue Fund type, the Township did not obtain an amended certificate of estimated resources for these revenues, contrary to Ohio Rev. Code Section 5705.36. The Township made expenditures in excess of appropriations during 1999 and 1998 in the Issue II Fund, Capital Project Fund type and in 1998 in the Permissive Tax Fund, Special Revenue Fund type, contrary to Ohio Rev. Code Section 5705.41 (B). The Township posted some revenues to the incorrect fund, contrary to Ohio Rev. Code Section 5705.10.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

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 employees, as well as the Clerk and Board of Trustees, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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 insured with 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:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

The Township also provides health and life insurance coverage to officials and full-time employees through a private carrier.

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

Fearing Township
Washington County
RR 10 Box 11
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Fearing Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated January 17, 2001. 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 1999-41084-001, 1999-41084-002, 1999-41084-003, 1999-41084-004 and 1999-41084-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted 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 affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-41084-006, 1999-41084-007, 1999-41084-008, 1999-41084-009 and 1999-41084-010.

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 over financial reporting 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 January 17, 2001.

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.

Jim Petro
Auditor of State

January 17, 2001

**FEARING TOWNSHIP
WASHINGTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-41084-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) (1) requires the fiscal officer of each subdivision to certify that adequate revenues are available to pay every contract or order involving the expenditure of money. No subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same...has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions: to the above requirements:

1. 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 of any previous encumbrances, the 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.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Trustees.

None of the vouchers over \$1,000 selected for testing in 1999 and 1998 were certified by the Clerk at the time the contract or order was made. These commitments were not subsequently resolved to be paid by the Board of Trustees within the aforementioned 30 day time period.

We recommend, where possible, the Township Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not feasible, we encourage the Township Clerk to utilize then and now certificates or blanket certificates.

FINDING NUMBER 1999-41084-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing authority is to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations at the legal level of control:

	1999	
OPWC Issue II Fund	\$ 27,569	
	1998	
OPWC Issue II Fund	\$ 23,811	

The Township Clerk should deny any payments until the legislative authority has passed the appropriations. These violations occurred because the County received and disbursed Issue II funds on behalf of the Township. However, this is Township funding, and should be recorded on the Township's accounting records. The Township Clerk should refer to Auditor of State Management Advisory Services Bulletin 89-17 and Audit Bulletin 2000-08 for descriptions of proper accounting for these funds.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

**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 1999-41084-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states, in part, that an increased amended certificate of estimated resources must be obtained from the budget commission if the legislative authority intends to appropriate revenue in excess of the original amendment of estimated resources.

The Township received Issue II revenue and county permissive sales tax money spent on their behalf in 1999 and 1998. The Township did not obtain an Amended Certificate for these monies in order to have the legislative authority pass an appropriation measure.

In order to increase appropriations, we recommend the Township obtain an Amended Certificate of Estimated Resources each time the Township receives revenue from a new source or the revenue amount exceeds the amount on the preceding Amended Certificate. This would include funds received and disbursed by the County on behalf of the Township.

FINDING NUMBER 1999-41084-004

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Township did not establish a County Permissive Tax Fund, Special Revenue Fund type for county permissive tax moneys spent on their behalf by the Washington County engineer's office. The Township did not record this activity on their accounting records.

We recommend the Township create a County Permissive Tax Fund, Special Revenue Fund type and memo entry the county permissive tax money spent on their behalf by the Washington County Engineer. The Township should also budget and appropriate for these moneys. The financial statements have been adjusted to reflect this activity.

FINDING NUMBER 1999-41084-005

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires, in part, that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made.

In 1998 the Township Clerk recorded \$2,306 of homestead and rollback monies in the General Fund instead of posting \$530 in the Road and Bridge Fund, \$481 in the Road District Fund, and \$1,295 in the Fire District Levy Fund. In 1999, the Township Clerk recorded \$2,401 of homestead and rollback monies in the General Fund instead of \$612 in the Road and Bridge Fund, \$484 in the Road District Fund, and \$1,305 in the Fire District Levy Fund.

The Township made these adjustments to their accounting records and these adjustments are reflected in the financial statements.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

**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 1999-41084-006

Reportable Condition

The Township's receipting procedure does not provide that receipts be deposited in a timely manner. In most instances, the Township Clerk deposits twice a month. The receipts are maintained a fire proof safe until deposit.

As a result, revenues could be misplaced and lost. Four checks amounting to a total of \$7,296.77 from the Washington County Auditor dated September 27, 1999 have never been deposited or receipted into the Township books as of June 22, 2000. As a result of the Township Clerk not properly handling these revenues, it costs the Township lost interest earnings for the checks from Washington County that were not deposited.

We recommend the Township Clerk deposit all revenues in the Township's bank account as soon as possible. The Township Clerk contacted the Washington County Auditors Office concerning the reissue of the four checks from September 27, 1999 that were never deposited and the County Auditor indicated that the County would reissue these checks. The Washington County Auditor reissued these checks on January 10, 2001 and the Township Clerk deposited those monies on January 18, 2001. We considered the effects of this matter in forming our opinion on the Township's financial statements.

FINDING NUMBER 1999-41084-007

Reportable Condition

The Township's disbursement cycle does not provide that checks be remitted to vendors in a timely manner.

As a result, we reviewed numerous checks that were not remitted to the vendors in a timely manner. The legislative authority would approve the checks at the monthly meeting, but these approved checks were sometimes not submitted to the vendors until two or three months later. As a result of the Township Clerk not paying vendors in a timely manner, the Township incurred extra expenses from penalties being applied by vendors for late payments.

We recommend the Township Clerk submit all checks to vendors as soon as the legislative authority approves the check. We considered the effects of this matter in forming our opinion on the Township's financial statements.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

**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 1999-41084-008

Reportable Condition

The Township should maintain adequate financial and budgetary records to provide ongoing and timely information.

We recommend the Township consider the following systems and documents to effectively maintain the accounting and budgetary records:

1. The Township should integrate the budgetary accounts, at the legal level of control, into the accounting system. The legal level of control is established by the level at which the legislative body appropriates.
2. Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation accounts. Purchase orders are not effective unless the fiscal officer's certificate is attached.
3. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund. The amount, date, name of the payor, purpose, and receipt number can be recorded in this ledger.
4. Appropriation ledger, which may assemble and classify disbursements or expenditures into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, and amount of disbursement can be recorded in this ledger.

FINDING NUMBER 1999-41084-009

Reportable Condition

The Township's disbursement cycle allows for blank checks to be pre-signed by the Board of Trustees.

As a result, we reviewed some blank checks that were pre-signed by the three trustees prior to the Township Clerk filling out the vendor, date, and amount. The Township Clerk did not provide the Board of Trustees with any support documentation for these pre-signed checks. This could result in checks being issued for improper purposes.

We recommend that the Board of Trustees only sign checks that have been completely filled-out and there is supporting source documentation. We considered the effects of this matter in forming our opinion on the Township's financial statements.

**FEARING TOWNSHIP
WASHINGTON COUNTY**

**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 1999-41084-010

Reportable Condition

Several vouchers did not contain invoices or other supporting documentation. This could allow duplicate payment of invoices or other errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Township Clerk and Board of Trustees ensure all voucher packages include an original invoice along with other pertinent information before approving the voucher payment.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FEARING TOWNSHIP

WASHINGTON 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
MARCH 1, 2001**