



**ELYRIA TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ELYRIA TOWNSHIP
LORAIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Elyria Township
Lorain County
41416 Griswold Road
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of Elyria Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audit provides a reasonable basis for our opinion.

As described 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 and reserves for encumbrances of Elyria Township, Lorain County, Ohio, as of December 31, 2001 and December 31, 2000, 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 September 27, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 27, 2002

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**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, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Local Taxes	\$109,601	\$256,018	\$0	\$0	\$365,619
Intergovernmental	136,589	99,852	45,247	0	281,688
Charges for Services	18,369	14,554	0	0	32,923
Licenses, Permits, and Fees	16,383	0	0	207	16,590
Earnings on Investments	370	375	0	0	745
Other Revenue	40,261	9,198	0	0	49,459
Total Cash Receipts	321,573	379,997	45,247	207	747,024
Cash Disbursements:					
Current:					
General Government	217,158	0	0	0	217,158
Public Safety	84,472	76,464	0	0	160,936
Public Works	3,029	220,505	0	0	223,534
Miscellaneous	0	0	0	207	207
Debt Service:					
Redemption of Principal	0	38,695	0	0	38,695
Interest and Fiscal Charges	0	2,186	0	0	2,186
Capital Outlay	17,253	0	45,247	0	62,500
Total Cash Disbursements	321,912	337,850	45,247	207	705,216
Total Receipts Over/(Under) Disbursements	(339)	42,147	0	0	41,808
Fund Cash Balances, January 1	275,445	106,787	2,991	0	385,223
Fund Cash Balances, December 31	\$275,106	\$148,934	\$2,991	\$0	\$427,031
Reserve for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**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, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Local Taxes	\$96,425	\$245,888	\$0	\$0	\$342,313
Intergovernmental	177,569	128,629	75,878	0	382,076
Charges for Services	18,118	0	0	0	18,118
Licenses, Permits, and Fees	28,951	0	0	200	29,151
Earnings on Investments	837	1,209	0	0	2,046
Other Revenue	39,615	4,819	0	0	44,434
Total Cash Receipts	361,515	380,545	75,878	200	818,138
Cash Disbursements:					
Current:					
General Government	179,504	0	0	0	179,504
Public Safety	92,901	79,305	0	0	172,206
Public Works	3,000	223,953	0	0	226,953
Health	9,075	0	0	0	9,075
Miscellaneous	125	400	0	200	725
Debt Service:					
Redemption of Principal	0	38,695	0	0	38,695
Interest and Fiscal Charges	0	4,373	0	0	4,373
Capital Outlay	18,477	0	75,878	0	94,355
Total Cash Disbursements	303,082	346,726	75,878	200	725,886
Total Receipts Over/(Under) Disbursements	58,433	33,819	0	0	92,252
Fund Cash Balances, January 1 (Restated - See Note 7)	217,012	72,968	2,991	0	292,971
Fund Cash Balances, December 31	\$275,445	\$106,787	\$2,991	\$0	\$385,223
Reserve for Encumbrances, December 31	\$226	\$349	\$0	\$0	\$575

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

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Elyria Township, Lorain County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township's police protection is provided by the Lorain County Sheriff.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sales are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

ELYRIA TOWNSHIP
LORAIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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.

Fire Levy Fund - This fund receives tax revenue and other intergovernmental revenue for maintaining and operating the Township fire department.

Grant Fund - This fund is used to account for various grants received from state and local sources.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - This fund accounts for Issue II grants received from the State of Ohio to repair and improve Adelbert Street Storm Sewers, Murray Ridge Road, and Griswold Road.

4. Fiduciary Fund (Agency Fund)

This fund is used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Building Inspection Fund - This fund is used to collect and remit a three percent assessment of permit fees to the Board of Building Standards.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 for the General Fund and the fund level of control for all other funds, 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. Unencumbered appropriations lapse at year end.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

	2001	2000
Demand deposits	\$408,318	\$367,254
Total deposits	408,318	367,254
STAR Ohio	18,713	17,969
Total investments	18,713	17,969
Total deposits and investments	\$427,031	\$385,223

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$298,606	\$321,573	\$22,967
Special Revenue	399,545	379,997	(19,548)
Capital Projects	60,000	45,247	(14,753)
Fiduciary	300	207	(93)
Total	\$758,451	\$747,024	(\$11,427)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$523,817	\$321,912	\$201,905
Special Revenue	461,170	337,850	123,320
Capital Projects	63,121	45,247	17,874
Fiduciary	300	207	93
Total	\$1,048,408	\$705,216	\$343,192

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$262,961	\$361,515	\$98,554
Special Revenue	395,895	380,545	(15,350)
Capital Projects	60,000	75,878	15,878
Fiduciary	300	200	(100)
Total	\$719,156	\$818,138	\$98,982

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$438,587	\$303,308	\$135,279
Special Revenue	457,000	347,075	109,925
Capital Projects	63,000	75,878	(12,878)
Fiduciary	300	200	100
Total	\$958,887	\$726,461	\$232,426

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

The Township did not always certify the availability and encumber funds, prior to making any contract or ordering any expenditure of money, in either year under audit, contrary to Ohio Rev. Code Section 5705.41(D).

The Road and Bridge Fund carried a deficit fund balance of \$30,424 at December 31, 2001 and \$29,099 at December 31, 2000 which is contrary to Ohio Rev. Code Section 5705.10.

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources in FY 2001 and 2000 for the Road and Bridge and the Issue II funds.

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriations in the General Fund at the object level, which is the fund's legal level of budgetary control, for one line item at December 31, 2001 and four line items at December 31, 2000. Additionally, budgetary expenditures exceeded appropriations in the Issue II Fund, at the fund level, which is the fund's legal level of budgetary control, at December 31, 2000,

4. PROPERTY TAX

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

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

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

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

5. RETIREMENT SYSTEMS

Most Township employees 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 2001 and 2000, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

Effective August 3, 1992, any new part-time Township firefighters are no longer covered by PERS and must contribute to social security. The Townships liability is 6.2 percent of wages paid.

6. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will insure.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$ 14,324,773</u>	<u>\$ 13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$ 4,363,464</u>	<u>\$ 3,658,953</u>

The Township also provides health insurance to full-time employees and elected officials through participation in the Lorain County Health Plan and accident, sickness, and disability coverage to qualified employees through a private carrier.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RESTATEMENT OF FUND BALANCES

The Township is now reporting only the activity for collection and remittance of the three percent assessment of permit fees to the Board of Building Standards in their Agency Fund. All other permit receipt and disbursement activity is now being reported in the General Fund. The Hazmat, Ambulance and Newsletter Funds were incorrectly classified in the prior year as Special Revenue Funds, they are now being reported in the General Fund. This resulted in an increase in the General Fund balance at December 31, 1999 of \$43,445 and a decrease in the Special Revenue and Agency Funds Balance at December 31, 1999 of \$32,818 and \$10,627 respectively. These \$10,627 and \$32,818 changes increased the General Fund balance to \$217,012 and decreased the Special Revenue Fund balance to \$72,968 and Agency Fund balance to \$0 at December 31, 1999.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Elyria Township
Lorain County
41416 Griswold Rd.
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the financial statements of Elyria Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated September 27, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40847-001 through 2001-40847-005. We also noted certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated September 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. 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 material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 September 27, 2002.

Elyria Township
Lorain County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of, management, 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

September 27, 2002

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40847-001

During the fiscal years 2001 and 2000, the Elyria Township Clerk incorrectly paid sales tax on purchases of salt from Cargil Salt, Inc., in the amount of \$1,268.73.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Barbara Baker, Township Clerk, and Township Trustees William Holtzman, Robert Scheithauer, and Richard Hutman, jointly and severally, in the amount noted above and in favor of Elyria Township.

On May 28, 2002, the full amount was remitted to the Township by the Township Clerk.

We recommend the Township develop and implement control procedures over expenditures which will enable the Township Clerk and Trustees to detect billing errors during the performance of their duties in a timely manner.

FINDING NUMBER 2001-40847-002

Ohio Revised Code Section 5705.41(D), requires in part that no subdivision or taxing unit shall make any contract or order any 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 previous encumbrances.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - 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 Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificates, 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 Trustees.

During 2001 and 2000, in 19 out of 60 items tested, the Township Clerk certified the availability of funds after the purchase commitment was already made and the Township did not employ "Then and Now Certificates."

We recommend that the Township certify the availability of funds prior to making purchase commitments. We also recommend the Township utilize the "Then and Now Certificates" when appropriate.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

FINDING NUMBER 2001-40847-003

Ohio Rev. Code Section 5705.10 states money paid into any fund shall be used only for the purposes for which that fund is established.

At December 31, 2001 and December 31, 2000, the Township carried negative cash balances in its Road and Bridge Fund of \$30,424 and \$29,099 respectively.

The deficit fund balances were the result of the Township incorrectly posting revenues to the Road and Bridge Fund which were actually due to other funds, and the subsequent adjustments to post these revenues to the proper funds.

The Township should consider transferring the funds necessary, from the General Fund, to alleviate the negative cash balance.

FINDING NUMBER 2001-40847-004

Ohio Rev. Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of estimated resources available for expenditures from the fund. In addition, Ohio Rev. Code Section 5705.40 requires that any appropriation measure to be amended or supplemented provided the Township complies with the same provisions of the law as are used in making the original appropriation. The following funds had appropriations in excess of the amount certified as available by the budget commission:

Fund	<u>Total Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>At December 31, 2001:</u>			
Road and Bridge Fund	\$ 127,087	\$ 152,000	(\$ 24,913)
<u>At December 31, 2000:</u>			
Road and Bridge Fund	\$ 95,215	\$ 137,000	(\$ 41,785)

This weakness could allow expenditures in the above funds to exceed the total of the available fund balances and current year revenues. This could result in negative fund balances in these funds.

We recommend the Township compare current year appropriations to total certified resources, in all funds which are legally required to be budgeted, to ensure compliance with this requirement. This comparison should be performed on a monthly basis, at minimum.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

FINDING NUMBER 2001-40847-005

Ohio Rev. Code Sections 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. The Township's legal level of budgetary control is at the object level.

The following fund had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund			
Administrative			
Auditor and Treasurer Fees	\$ 1,600	\$ 8,978	(\$ 7,378)

The following funds had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2000:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund			
Administrative			
Auditor and Treasurer Fees	\$ 1,000	\$ 1,600	(\$ 600)
Fire Protection			
Equipment Purchase and Replacement	\$ 6,000	\$ 10,000	(\$ 4,000)
Other Expenses	\$ 20,000	\$ 21,145	(\$ 1,145)
Issue II Fund	\$ 63,000	\$ 75,878	(\$ 12,878)

This weakness could allow expenditures in the above funds to exceed the total of the available fund balance and the current year revenues. This would then result in a negative cash fund balance.

We recommend the Township compare appropriations to expenditures and appropriations to expenditures plus encumbrances at the legal level of budgetary control, in all funds which are legally required to be budgeted, to ensure compliance with this requirement. This comparison should be performed on a monthly basis, at minimum.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40847-001	Ohio Rev. Code Section 5705.41(D), failure to certify the availability of funds.	No	Not Corrected—Reissued as 2001-40847- 002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

ELYRIA TOWNSHIP

LORAIN 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
OCTOBER 10, 2002**