



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KNOX TOWNSHIP
VINTON COUNTY**

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 Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	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

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REPORT OF INDEPENDENT ACCOUNTANTS

Knox Township
Vinton County
75173 Lively Ridge Road
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Knox Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 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 audit.

We conducted our audit 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 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.

The Township improperly posted \$13,139 of 2000 property tax levy money due to the Dust Control Fund and Cemetery Fund, Special Revenue Fund type, to the General Fund. The Township posted \$2,654 of 2000 gasoline excise tax due to the Gasoline Tax Fund, Special Revenue Fund type, to the General Fund. The Township posted \$1,050 of the 2000 trustee salaries to the Gasoline Tax Fund, a Special Revenue Fund type, instead of the General Fund. The Township had other posting errors during 2000, that resulted in the General Fund revenues being overstated by \$670 and the Special Revenue Fund types being understated by \$670. Had these posting errors been properly posted to the Township's accounting system, the 2000 General Fund receipts would have been decreased by \$16,643, the 2000 disbursements would have been increased by \$1,050 and the December 31, 2000 cash balance of the General Fund would have decreased by a cumulative \$17,513. The Special Revenue Fund type 2000 receipts would have been increased by \$16,643, the 2000 disbursements would have been decreased by \$1,050, and the cash December 31, 2000 cash balance of the Special Revenue Fund type would have increased by a cumulative \$17,513. In 2001, the Other Sources in the Litter Control Fund, a Special Revenue Fund type, include \$975 for which we could find no support. The Township improperly posted \$9,669 of 2001 property tax levy money due to the Dust Control Fund, Special Revenue Fund type, and due to the Cemetery Fund, Special Revenue Fund type, to the General Fund. The Township posted \$1,426 of 2001 gasoline excise tax due to the Gasoline Tax Fund, Special Revenue Fund type, to the General Fund. The Township posted \$1,050 of the 2001 trustee salaries to the Gasoline Tax Fund, a Special Revenue Fund type, instead of the General Fund. Also, during 2001 the Township transferred \$1,350 from the General Fund to the Cemetery Fund, Special Revenue Fund type, in the amount of \$1,000 and to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$350 without obtaining legislative approval.

Had these posting errors and improper transfers been properly posted to the Township's accounting system, the 2001 General Fund receipts would have been decreased by \$11,095, the 2001 disbursements would have been decreased by \$300 and the December 31, 2001 cash balance of the General Fund would have decreased by a cumulative \$10,795. The Special Revenue Fund type 2001 receipts would have been increased by \$9,745, the 2001 disbursements would have been decreased by \$1,050, and the December 31, 2001 cash balance of the Special Revenue Fund type would have increased by a cumulative \$10,795.

In our opinion, because of the effects of the matters referred to in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 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 November 14, 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.

Jim Petro
Auditor of State

November 14, 2002

**KNOX TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$14,213	\$4,553	\$18,766
Intergovernmental	12,626	60,131	72,757
Earnings on Investments	826	385	1,211
	<u>27,665</u>	<u>65,069</u>	<u>92,734</u>
Cash Disbursements:			
Current:			
General Government	32,217		32,217
Public Safety	50		50
Public Works		73,490	73,490
Health		4,103	4,103
	<u>32,267</u>	<u>77,593</u>	<u>109,860</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,602)</u>	<u>(12,524)</u>	<u>(17,126)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		13,936	13,936
Transfers-Out	(1,350)	(12,586)	(13,936)
Other Sources		8,275	8,275
Other Uses	(8,175)	(1,075)	(9,250)
	<u>(9,525)</u>	<u>8,550</u>	<u>(975)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,127)	(3,974)	(18,101)
Fund Cash Balances, January 1	<u>38,527</u>	<u>30,282</u>	<u>68,809</u>
Fund Cash Balances, December 31	<u>\$24,400</u>	<u>\$26,308</u>	<u>\$50,708</u>
Reserve for Encumbrances, December 31	<u>\$1,589</u>	<u>\$16,545</u>	<u>\$18,134</u>

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

**KNOX TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$17,437	\$	\$17,437
Intergovernmental	29,240	58,733	87,973
Earnings on Investments	238	116	354
Other Revenue		261	261
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,915	59,110	106,025
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	12,935	19	12,954
Public Safety	1,431		1,431
Public Works		73,589	73,589
Health	1,067	1,377	2,444
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	15,433	74,985	90,418
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	31,482	(15,875)	15,607
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	7,045	46,157	53,202
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$38,527	\$30,282	\$68,809
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$0	\$12,338	\$12,338
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**KNOX TOWNSHIP
VINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Knox Township, Vinton 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 maintenance of roads and bridges, cemetery maintenance and fire protection. The Township contracts with the Village of Zaleski 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. 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

The Township had no investments during the audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

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

**KNOX TOWNSHIP
VINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unencumbered appropriations lapse at year end.

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.

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.

2. EQUITY IN POOLED CASH

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$50,708</u>	<u>\$68,809</u>
Total deposits	<u><u>\$50,708</u></u>	<u><u>\$68,809</u></u>

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

The carrying amount of deposits and investments at December 31, 2001 and 2000 does not reconcile to the bank amount, due to the finding for adjustment amounts noted in the opinion letter.

**KNOX TOWNSHIP
VINTON 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 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,723	\$27,665	\$7,942
Special Revenue	73,052	87,280	14,228
Total	\$92,775	\$114,945	\$22,170

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$22,394	\$43,381	(\$20,987)
Special Revenue	107,160	107,799	(639)
Total	\$129,554	\$151,180	(\$21,626)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,121	\$46,915	\$33,794
Special Revenue	70,171	59,110	(11,061)
Total	\$83,292	\$106,025	\$22,733

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$19,576	\$15,433	\$4,143
Special Revenue	97,329	87,323	10,006
Total	\$116,905	\$102,756	\$14,149

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, and Motor Vehicle License Tax Fund and Cemetery Fund, Special Revenue Fund types, for 2001 and in the Litter Recycling Fund, Special Revenue Fund type in 2000.

Contrary to Ohio law, the Township made transfers from one fund to another fund that were not approved by the legislative authority and the Township made transfers of restricted monies.

Contrary to Ohio law, the Gasoline Tax Fund, a Special Revenue Fund type, had appropriations in excess of estimated resources in 2001.

Contrary to Ohio law, the Township did not obtain the Clerk's prior certification as to the availability of funds prior to incurring the obligation.

Contrary to Ohio law, the Cemetery Fund and Dust Control Fund, Special Revenue Fund types, had negative fund balances in 2001.

**KNOX TOWNSHIP
VINTON COUNTY**

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

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.

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.

5. 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. 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.

6. RISK MANAGEMENT

Risk Pool Membership

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 reinsure.

**KNOX TOWNSHIP
VINTON COUNTY**

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

6. RISK MANAGEMENT (Continued)

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

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, 2001 and 2000 (the latest information available):

<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>

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

Knox Township
Vinton County
75173 Lively Ridge Road
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Knox Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 14, 2002, in which we opined that the financial statements were not fairly presented, since certain receipts and disbursements were not recorded in the proper fund types. We conducted our audit 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 2001-40782-001, 2001-40782-002, 2001-40782-003, 2001-40782-004, 2001-40782-005, 2001-40782-006 and 2001-40782-007. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated November 14, 2002.

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. 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 November 14, 2002.

**KNOX TOWNSHIP
VINTON 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 2001-40782-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) states 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 purpose and is in the treasury or in the process of collection to the credit of an appropriate fund 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:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees may authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the Township.
- 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.

All of the tested obligations paid by the Township had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for transactions tested. For fifty-three percent of transactions tested in 2001 and forty-seven percent of the transactions tested in 2000, the prior certification of the Clerk was dated subsequent to incurring the obligation. In addition, the Township used "Then and Now" certificates, but the language was the same as used in a prior certification purchase order, instead of the "Then and Now" language. The "Then and Now" certificates over \$1,000 were not approved by the Board of Trustees.

In addition, as described in Finding 2001-40782-007, the Clerk certified certain payments which created deficit cash balances in the Cemetery Fund and the Dust Control Fund. As described in the first paragraph above, the Clerk cannot certify payments unless cash is in the treasury or in the process of collection to the credit of the appropriate fund.

We recommend the Township's Clerk monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

FINDING NUMBER 2001-40782-002

Noncompliance Citation

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

The Township's legal level of control is at the object level. We noted the following funds which had actual expenditures which exceeded appropriations at the legal level of control at December 31:

**KNOX TOWNSHIP
VINTON COUNTY**

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

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

**FINDING NUMBER 2001-40782-002
(Continued)**

Ohio Rev. Code Section 5705.41(B) (Continued)

2001

Fund	Approved Appropriations	Expenditures	Variance
General Fund			
Salaries-other Twp staff	\$0	\$12,452	(\$12,452)
Contracted Services	0	1,500	(1,500)
Special Revenue Funds			
Motor Vehicle License Tax			
PERS	0	1,273	(1273)
Cemetery			
Salaries	0	15,306	(15,306)

2000

Fund	Approved Appropriations	Expenditures	Variance
Special Revenue Fund			
Litter Recycling			
Other	\$0	\$283	(\$283)

The Clerk should deny payments requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2001-40782-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund does not exceed the total official estimate or amended official estimate.

**KNOX TOWNSHIP
VINTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2001-40782-003 (Continued)

Ohio Rev. Code Section 5705.39 (Continued)

The Township had appropriations in excess of total estimated revenue plus beginning fund balance in the following fund at December 31, 2001:

Fund	Estimated Receipts	Appropriation	Variance
Special Revenue Fund			
Gasoline Tax Fund	\$65,545	\$81,600	(\$16,055)

We recommend the Township Clerk review the official amended certificate of estimated revenue to make sure appropriations do not exceed the beginning fund balance plus amended certificate of estimated revenue.

FINDING NUMBER 2001-40782-004

Finding for Adjustment

Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14.

Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e. two-thirds vote is not required for general fund transfers though a resolution is required).

The Township transferred \$1,350 from the General Fund with \$1,000 to the Cemetery Fund and \$350 to the Gasoline Tax Fund during 2001. The Township Board of Trustees did not approve a Resolution to transfer monies from the General Fund.

A finding for adjustment is hereby issued against the Cemetery Fund, Special Revenue Fund type, in the amount of \$1,000 and against the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$350, in favor of the General Fund of Knox Township, Vinton County, in the amount of \$1,350. This adjustment has not been recorded on the books of the Township.

FINDING NUMBER 2001-40782-005

Finding for Adjustment

Ohio Rev. Code Section 5705.10 states that all revenue derived from a special levy is to credited to a special fund for the purpose for which the levy was made. In addition, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

**KNOX TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2001-40782-005 (Continued)

Finding for Adjustment (Continued)

During 2000, Cemetery levy monies in the amount of \$4,936 and Dust Control levy monies in the amount of \$8,203 were incorrectly posted to the General Fund. During 2001, Dust Control levy monies in the amount of \$6,042 and Cemetery levy monies in the amount of \$3,627 were incorrectly posted to the General Fund.

Gasoline excise tax monies in the amount of \$2,654 during 2000 and in the amount of \$1,426 during 2001 were incorrectly posted to the General Fund. During 2001, motor vehicle license fee monies in the amount of \$908 were incorrectly posted to the Gasoline Tax Fund.

A finding for adjustment is hereby issued against the General Fund of Knox Township, Vinton County, in the amount of \$26,888, in favor of the Cemetery Fund, a Special Revenue Fund type, in the amount of \$8,563, in favor of the Gasoline Tax Fund, a Special Revenue Fund type, in the amount of \$4,080 and in favor of the Dust Control Fund, a Special Revenue Fund type, in the amount of \$14,245. In addition a finding for adjustment is hereby issued against the Gasoline Tax Fund, a Special Revenue Fund type, in the amount of \$908, in favor of the Motor Vehicle License Tax Fund, a Special Revenue Fund type, in the amount of \$908. These adjustments have not been recorded on the books of the Township.

FINDING NUMBER 2001-40782-006

Finding for Adjustment

Ohio Rev. Code Section 505.24 states that the Township Trustees shall be paid from the general fund or from such other Township funds in such proportions as the board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

During the audit period, the salaries of the Trustees were charged entirely to the Gasoline Tax Fund. A resolution had not been adopted by the Board specifying how Trustee salaries would be allocated. However, activities of an administrative nature, such as monthly meetings should be charged to the General Fund.

The Township paid all Trustee salary and fringe benefits from the Gasoline Tax Fund during 2001 and 2000.

A finding for adjustment is hereby issued against the General Fund of Knox Township, Vinton County, in the amount of \$2,100, in favor of the Gasoline Tax Fund, a Special Revenue Fund type, in the amount of \$2,100. The Township has not posted this adjustment to its financial statements.

**KNOX TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2001-40782-007

Noncompliance Citation

Ohio Rev. Code 5705.10 states, in part, money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, negative fund balances indicate that money from one fund was used to cover the expenditures of another fund.

During the course of 2001, the Cemetery Fund and the Dust Control Fund had negative fund balances. At December 31, 2001, the Cemetery Fund had a negative cash balance of \$750 and the Dust Control Fund had a negative cash balance of \$3,473.

We recommend the Township use monies within specific funds for only the purposes for which the particular fund has been established.