



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LICKING TOWNSHIP
MUSKINGUM COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Licking Township
Muskingum County
8615 Black Run Road
Nashport, Ohio 43830

To the Board of Trustees:

We have audited the accompanying financial statements of Licking Township, Muskingum 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 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 of Licking Township, Muskingum County, 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 March 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

March 14, 2002

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**LICKING TOWNSHIP
MUSKINGUM 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$48,175	\$87,561	\$14,714	\$	\$150,450
Intergovernmental	28,715	75,228			103,943
Special Assessments	560		25,870		26,430
Interest	497	161			658
Other Revenue	300	2,114			2,414
	<u>78,247</u>	<u>165,064</u>	<u>40,584</u>		<u>283,895</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	90,032				90,032
Public Safety		62,718			62,718
Public Works		97,517			97,517
Health		1,592			1,592
Capital Outlay				400	400
Debt Service:					
Redemption of Principal			29,325		29,325
Interest and Fiscal Charges			9,827		9,827
	<u>90,032</u>	<u>161,827</u>	<u>39,152</u>	<u>400</u>	<u>291,411</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	(11,785)	3,237	1,432	(400)	(7,516)
Fund Cash Balances, January 1	14,086	29,298	118	1,106	44,608
Fund Cash Balances, December 31	<u>\$2,301</u>	<u>\$32,535</u>	<u>\$1,550</u>	<u>\$706</u>	<u>\$37,092</u>

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

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$40,967	\$80,364	\$15,716	\$	\$137,047
Intergovernmental	35,123	76,043		52,430	163,596
Special Assessments	3,811		106		3,917
Interest	691	150		1,821	2,662
Other Revenue	88	988			1,076
Total Cash Receipts	<u>80,680</u>	<u>157,545</u>	<u>15,822</u>	<u>54,251</u>	<u>308,298</u>
Cash Disbursements:					
Current:					
General Government	87,986				87,986
Public Safety		61,220			61,220
Public Works		103,805			103,805
Health		2,521			2,521
Capital Outlay				168,127	168,127
Debt Service:					
Redemption of Principal			12,435	167,000	179,435
Interest and Fiscal Charges			3,269	3,253	6,522
Total Cash Disbursements	<u>87,986</u>	<u>167,546</u>	<u>15,704</u>	<u>338,380</u>	<u>609,616</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,306)</u>	<u>(10,001)</u>	<u>118</u>	<u>(284,129)</u>	<u>(301,318)</u>
Other Financing Receipts/(Disbursements):					
Proceeds of Bonds				118,235	118,235
Proceeds of Notes				167,000	167,000
Transfers-In	7,976				7,976
Transfers-Out			(7,976)		(7,976)
Total Other Financing Receipts/(Disbursements)	<u>7,976</u>	<u>0</u>	<u>(7,976)</u>	<u>285,235</u>	<u>285,235</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	670	(10,001)	(7,858)	1,106	(16,083)
Fund Cash Balances, January 1	13,416	39,299	7,976	0	60,691
Fund Cash Balances, December 31	<u>\$14,086</u>	<u>\$29,298</u>	<u>\$118</u>	<u>\$1,106</u>	<u>\$44,608</u>

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

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Licking Township, Muskingum 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 and a publicly elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety).

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. 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:

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

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

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

Fire District Fund - This fund receives tax money for providing fire protection to Township residents.

Emergency Medical Services - This fund receives tax money for providing emergency medical services to Township residents.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of note and bond indebtedness. The Township had the following significant Debt Service Funds:

General Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest on outstanding note debt.

Special Assessment Bond Retirement Fund - This fund receives special assessments to pay principal and interest on outstanding special assessment bonds.

4. Capital Projects 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 Projects Funds:

Permanent Improvement Fund - This fund receives money from the proceeds of bonds, notes and special assessments to finance the Dillon Hills paving project.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash balances 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 canceled, and re-appropriated in the subsequent year.

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

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash 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>2001</u>	<u>2000</u>
Demand deposits	<u>\$37,092</u>	<u>\$44,608</u>

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,482	\$78,247	\$1,765
Special Revenue	204,887	165,064	(39,823)
Debt Service	41,144	40,584	(560)
Capital Projects	0	0	0
Total	\$322,513	\$283,895	(\$38,618)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$91,636	\$90,032	\$1,604
Special Revenue	233,333	161,827	71,506
Debt Service	34,725	39,152	(4,427)
Capital Projects	0	400	(400)
Total	\$359,694	\$291,411	\$68,283

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,321	\$88,656	\$14,335
Special Revenue	149,937	157,545	7,608
Debt Service	19,815	15,822	(3,993)
Capital Projects	0	339,486	339,486
Total	\$244,073	\$601,509	\$357,436

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,196	\$87,986	(\$5,790)
Special Revenue	186,801	167,546	19,255
Debt Service	27,791	23,680	4,111
Capital Projects	0	338,380	(338,380)
Total	\$296,788	\$617,592	(\$320,804)

Accountability and Compliance: Expenditures exceeded appropriations in the Dillon Hills Special Assessment Debt Service Fund and Capital Projects Fund during 2001, in the amounts of \$4,428 and \$400, respectively. During 2000, expenditures exceeded appropriations in the General Fund and Capital Projects Fund by \$5,790 and \$338,380, respectively.

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 payments, 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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes -Tractor	\$8,940	5.50%
General Obligation Notes - Mower and Loader	15,600	6.50%
General Obligation Bonds - Dillon Hills Paving	101,344	6.375%
Total	\$125,884	

The general obligation notes were issued to finance the purchase of new equipment to be used for Township road maintenance. The general obligation bonds were issued to finance a road paving project. The bonds and notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	Dillon Hills Bond	General Obligation Notes
2002	\$23,351	\$8,941
2003	22,275	8,480
2004	21,198	8,019
2005	20,121	2,358
2006	19,044	
2007	17,967	
Total	\$123,956	\$27,798

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for the periods January 1, 2001 through December 31, 2001 and from January 1, 2000 through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer contribution rate to 8.13% of participants' gross. The Township has paid all contributions required through December 31, 2001.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Vehicles
- Property
- Public Officials' liability

The Township also provides health and life insurance coverage to elected officials through a private carrier.



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

Licking Township
Muskingum County
8615 Black Run Road
Nashport, Ohio 43830

To the Board of Trustees:

We have audited the accompanying financial statements of Licking Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 14, 2002. 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 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 2001-41060-001 through 2001-41060-006. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 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. 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 judgment, 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 2001-41060-005 and 2001-41060-007 through 2001-41060-009.

Licking Township
Muskingum County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-41060-007 through 2001-41060-009 to be material weaknesses. 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 March 14, 2002.

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

March 14, 2002

**LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-001
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Finding for Adjustment

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. During 2000 and 2001, reimbursements from the State of Ohio for Homestead and Rollback Tax reductions in the amount of \$1,325 were due to the Road and Bridge, Fire District, and Emergency Medical Service Funds but were posted to the General Fund. In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund in the amount of \$1,325, in favor of the Road and Bridge, Fire District, and Emergency Medical Service Funds, in the amounts of \$819, \$251 and \$255, respectively.

As of this date of this report, Township management is in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

Finding Number	2001-41060-002
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Finding for Adjustment

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. The Township obtained a court order to transfer the balance in the Cedar Hills Special Assessment Debt Fund to the General Fund since the special assessment debt was retired. The balance in the Cedar Hills Special Assessment Debt Fund was the result of delinquent special assessments receipts from the Cedar Hills project as well as a number of other Township projects being credited to that fund. Since the date of the court-ordered transfer, \$454 of additional delinquent special assessments were credited to the Dillon Hills Special Assessment Debt Fund which were not related to the Dillon Hills Special Assessment Debt Fund. In accordance with the foregoing facts, and in keeping with the intent of the court order, a finding for adjustment is hereby issued against the Dillon Hills Special Assessment Debt Service Fund, in favor of the General Fund in the amount of \$454.

As of this date of this report, Township management is in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

**LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-003
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Finding for Adjustment

Article XII, Section 5a, Ohio Const. and 1982 Op. Atty. Gen. No. 82-031 require that interest earned on money derived from a motor vehicle license or fuel tax shall be paid into the fund to which the principal belongs. The Township did not distribute the interest to the Motor Vehicle License Tax and Gasoline Tax Funds. In accordance with the foregoing facts, a finding for adjustment in the amount of \$310 is hereby issued against the General Fund, in favor of the Motor Vehicle License Tax Fund and Gasoline Tax Fund, in the amounts of \$117 and \$193, respectively.

As of the date of this report, Township management is in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records.

Finding Number	2001-41060-004
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Noncompliance Citation

Ohio Rev. Code Section 5705.40 provides that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

The appropriations as approved by the Board did not agree to the appropriations entered into the appropriations ledger. The following schedules compare Board approved appropriations to those posted to the appropriations ledger.

2001

Fund	Appropriations Posted to the UAN system	Approved Appropriations	Variance
General	\$94,436	\$91,636	\$2,800
Dillon Hills Special Assessment Debt Service	26,431	20,000	6,431
Capital Project	1,106	0	1,106

2000

Fund	Appropriations Posted to the UAN system	Approved Appropriations	Variance
General	\$90,172	\$82,196	\$11,726
Capital Project	350,253	0	350,253

Appropriations as reported in the notes to the financial statements have been adjusted to reflect only those appropriations adopted by the Board, as noted in the Board's minutes.

LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-004(Continued)
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Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.40 (Continued)

We recommend the following:

- The Board approve all appropriation amendments and note the approval in the Board's minutes;
- The Clerk file all appropriation amendments with the County Auditor in order to receive certification from the County Auditor that appropriations do not exceed estimated resources; and
- The Clerk post appropriation amendments to the accounting system only after the Board has approved them and the County Auditor has both received them and certified that they do not exceed total estimated resources

Finding Number	2001-41060-005
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Noncompliance Citation and Reportable Condition

Ohio Rev. Code Section 5705.41(D) 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.

The Township included certification language as part of its purchase order. However, the Clerk's prior certification was not obtained for 37% of the expenditures tested and the Township did not follow the two exceptions noted above.

We recommend Township personnel obtain proper certification from the Clerk prior to incurring any obligation on behalf of the Township.

**LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-006
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Noncompliance Citation

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

The following funds had expenditures which exceeded approved appropriations during 2001:

Fund	Approved Appropriations	Expenditures	Variance
Dillon Hills Special Assessment Debt Service	\$34,725	\$39,153	\$4,428
Capital Project	0	400	400

The following funds had expenditures which exceeded approved appropriations during 2000:

Fund	Approved Appropriations	Expenditures	Variance
General	\$82,196	\$87,986	\$5,790
Capital Project	0	338,380	338,380

Township revenues were sufficient for the Township to have obtained an increased amended certificate of estimated resources as authorized by Ohio Revised Code § 5705.36 and increase appropriations as authorized by Ohio Revised Code § 5705.40.

We recommend the Board of Trustees adopt additional appropriations prior to the making expenditures in excess of appropriations.

Finding Number	2001-41060-007
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Material Weakness - Review of Financial Reports

The Clerk indicated that he presents status reports to the Board of Trustees on a monthly basis. However, the minutes neither documented which reports were presented nor the Trustees review and approval of financial reports.

Without formally designating those reports the Clerk is to present, and the timing and review of these reports, the Board may not be fully aware of the financial status of the Township.

We recommend the Clerk prepare monthly financial reports which include budget vs. actual information for receipts and disbursements, as well as reconciliations of bank balances to fund balances. The Board should formally review and approve said reports, with their approval noted in the minutes. In addition, we recommend the Board periodically review the books and ledgers of the Township to ensure they are posted up-to-date and are in balance. Furthermore, the Board should verify the Board adopted budgetary information is in agreement with the budgetary information in the Township's books.

**LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-008
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Material Weakness - Revenue Classification

The majority of Township receipts were posted to incorrect revenue classifications and/or to incorrect funds. As a result, numerous adjustments and reclassifications were made in order to accurately present the Township's financial activity in the annual financial report.

We recommend the Clerk follow the chart of accounts in the Township Handbook when posting revenue to the cashbook and receipts ledger. We recommend the Clerk review the entries in the aforementioned ledgers for consistency in posting. Proper posting to the funds and line items will help ensure the accuracy of the annual financial report of the Township.

Finding Number	2001-41060-009
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Material Weakness - Budgeted Receipts

During 2001 and 2000, the Township Clerk did not properly post the budgeted receipts to the accounting system. Variances existed between the amounts on the certificates of estimated resources and the amounts posted to the accounting system as follows:

2001

Fund	Budgeted Receipts per the UAN system	Budgeted Receipts per the Final Certificate of Estimated Resources	Variance
General	\$75,333	\$76,482	\$1,149
Road and Bridge	38,267	35,791	2,476
Fire District	35,530	31,228	4,302
Emergency Medical Service	42,472	70,519	28,047
Debt Service - Note Retirement	13,981	14,714	733
Dillon Hills Special Assessment Debt Service	20,000	26,430	6,430

**LICKING TOWNSHIP
MUSKINGUM 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	2001-41060-009 (Continued)
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Material Weakness - Budgeted Receipts (Continued)

2000

Fund	Budgeted Receipts per the UAN system	Budgeted Receipts per the Final Certificate of Estimated Resources	Variance
General	\$73,139	\$74,321	\$1,182
Road and Bridge	37,152	26,013	11,139
Fire District	34,495	30,829	3,666
Emergency Medical Service	41,235	27,707	13,528
Debt Service - Note Retirement	13,574	15,715	2,141
Dillon Hills Special Assessment Debt Service	7,185	4,100	3,085

Because the information entered into the accounting system was inaccurate, the Township management was unable to effectively monitor budget verses actual activity. It was necessary to make audit adjustments to the 2001 and 2000 budgetary activity as reported in the notes to the financial statements in order to present the certified amount of estimated receipts.

We recommend the Clerk record estimated receipts directly from the certificates of estimated resources and obtain any necessary amendments thereto as authorized by Ohio Revised Code § 5705.36. This would allow useful comparisons of estimated to actual receipts to be made throughout the year.

LICKING TOWNSHIP
MUSKINGUM COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41060-001	Ohio Rev. Code Section 5705.10 revenue not credited to the proper fund.	No	Not Corrected. The current report includes findings for adjustment.
1999-41060-002	Ohio Rev. Code Section 5705.41(D) failure to certify funds.	No	Not Corrected. Violation repeated in current report.
1999-41060-003	Township records were not posted up-to-date and deposits were not made in a timely manner.	No	Not Corrected. Repeated current report.
1999-41060-004	The minutes neither documented which financial reports were presented nor the Board's approval.	No	Not Corrected. Repeated current report.



STATE OF OHIO
OFFICE OF THE AUDITOR

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LICKING TOWNSHIP
MUSKINGUM 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
MAY 9, 2002**