



**Auditor of State
Betty Montgomery**

LETART TOWNSHIP
MEIGS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Letart Township
Meigs County
23238 Hill Road
Racine, Ohio 45771

To the Board of Township Trustees:

We have audited the accompanying financial statements of Letart Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Letart Township, Meigs County, as of December 31, 2003 and 2002, 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 August 16, 2004 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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 16, 2004

**LETART TOWNSHIP
MEIGS 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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$36,101	\$106,964	\$	\$143,065
Intergovernmental	13,361	106,142		119,503
Charges for Services		8,265		8,265
Earnings on Investments	271	368	2,261	2,900
Other Revenue	4,146	11,689		15,835
Total Cash Receipts	53,879	233,428	2,261	289,568
Cash Disbursements:				
Current:				
General Government	55,885	30,320		86,205
Public Safety		36,980		36,980
Public Works		109,800		109,800
Health	2,186	37,423	1,819	41,428
Capital Outlay		4,576		4,576
Total Cash Disbursements	58,071	219,099	1,819	278,989
Total Cash Receipts Over/(Under) Cash Disbursements	(4,192)	14,329	442	10,579
Fund Cash Balances, January 1	7,538	28,039	47,630	83,207
Fund Cash Balances, December 31	\$3,346	\$42,368	\$48,072	\$93,786

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

LETART TOWNSHIP
MEIGS 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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$34,742	\$103,494	\$	\$138,236
Intergovernmental	13,644	6,855		20,499
Charges for Services		68,198		68,198
Earnings on Investments	1,222	92		1,314
Other Revenue	2,147	13,598		15,745
Total Cash Receipts	<u>51,755</u>	<u>192,237</u>	<u>0</u>	<u>243,992</u>
Cash Disbursements:				
Current:				
General Government	60,073	811		60,884
Public Safety		37,191		37,191
Public Works		135,266		135,266
Health		25,422		25,422
Capital Outlay		8,733		8,733
Total Cash Disbursements	<u>60,073</u>	<u>207,423</u>	<u>0</u>	<u>267,496</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(8,318)</u>	<u>(15,186)</u>	<u>0</u>	<u>(23,504)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		500		500
Transfers-Out	(500)			(500)
Total Other Financing Receipts/(Disbursements)	<u>(500)</u>	<u>500</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,818)	(14,686)	0	(23,504)
Fund Cash Balances, January 1	<u>16,356</u>	<u>42,725</u>	<u>47,630</u>	<u>106,711</u>
Fund Cash Balances, December 31	<u>\$7,538</u>	<u>\$28,039</u>	<u>\$47,630</u>	<u>\$83,207</u>

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

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

FEMA Fund - This fund received Federal Emergency Management Assistance grant money to reimburse the Township for expenditures related to disaster recovery after the 2003 ice storm.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Township Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

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 reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio Law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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

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:

	2003	2002
Demand Deposits	<u>\$50,091</u>	<u>\$39,512</u>
Savings Accounts - Cemetery Perpetual Care	<u>43,695</u>	<u>43,695</u>
Total Deposits	<u><u>\$93,786</u></u>	<u><u>\$83,207</u></u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's pledged collateral.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,136	\$53,879	(\$2,257)
Special Revenue	227,729	233,428	5,699
Fiduciary	1,934	2,261	327
Total	\$285,799	\$289,568	\$3,769

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,805	\$58,071	\$4,734
Special Revenue	219,774	219,099	675
Fiduciary	3,848	1,819	2,029
Total	\$286,427	\$278,989	\$7,438

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,036	\$51,755	\$3,719
Special Revenue	183,580	192,737	9,157
Fiduciary	0	0	0
Total	\$231,616	\$244,492	\$12,876

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,168	\$60,573	\$3,595
Special Revenue	225,770	207,423	18,347
Fiduciary	1,914	0	1,914
Total	\$291,852	\$267,996	\$23,856

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Township 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.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX (Continued)

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 certified 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 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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

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 local governments. 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 claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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 from the General Reinsurance Corporation.

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 with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Financial Position

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

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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**Auditor of State
Betty Montgomery**

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

Letart Township
Meigs County
23238 Hill Road
Racine, Ohio 45771

To the Board of Township Trustees:

We have audited the accompanying financial statements of Letart Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 16, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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*, and which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 16, 2004.

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. The reportable condition is described in the accompanying Schedule of Findings as item 2003-004.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated August 16, 2004.

This report is intended solely 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.



Betty Montgomery
Auditor of State

August 16, 2004

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 505.24 provides that in a Township having a budget of more than \$250,000 but not more than \$500,000, the compensation for 2003 for a Township Trustee elected after December 8, 2000 is to be \$37.62 per day up to a maximum of 200 days. Annual compensation for 200 days would be \$7,524.

For fiscal year 2003, the approved annual budget of Letart Township was \$291,965.

The following represents the annual salary amount paid to William D. Graham and Robert Morris per the 2003 W-2 form for each Trustee, the allowable amount per Ohio Rev. Code Section 505.24, and the amount of the overpayment:

Name of Trustee	Term of Office	Allowable Amount for 2003	Fund	Amount Paid	Overpayment
William D. Graham	01/01/02 -01/01/06	\$7,524.00	General	\$7,650.84	\$126.84
Robert Morris	01/01/02 -01/01/06	\$7,524.00	General	\$7,650.84	\$126.84

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against William D. Graham and Ohio Township Association Risk Management Authority (OTARMA), his bonding company, jointly and severally, in the amount of \$126.84, for public moneys illegally expended, in favor of Letart Township General Fund.

In addition, in accordance with the foregoing facts pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Robert Morris and Ohio Township Association Risk Management Authority (OTARMA), his bonding company, jointly and severally, in the amount of \$126.84, for public moneys illegally expended, in favor of Letart Township General Fund.

William D. Graham repaid the Township \$126.84 on August 16, 2004 and Robert Morris repaid the Township \$126.84 on August 16, 2004.

FINDING NUMBER 2003-002

Finding for Recovery Repaid Under Audit

According to the Township minute record dated April 21, 2003, the Board of Trustees approved employment of Charles Wolfe Jr. as a part time employee at the rate of six dollars per hour. The Township did not establish a rate of compensation for overtime.

Ohio Rev. Code Section 4111.03 states, in pertinent part, that an employer shall pay an employee for overtime at a rate of one and one-half times the employee's wage rate for hours worked in excess of forty hours in one work week. Therefore, Mr. Wolfe should have been compensated nine dollars per hour, (6 x 1 ½ = 9), for all hours worked over 40 in a work week. The Township's 2003 Wage and Overtime Report reflects that Charles Wolfe Jr. was properly paid for his regular payroll hours, however, on four occasions he was compensated for his overtime at more than 1 1/2 times Mr. Wolfe's approved rate.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-002
(Continued)**

Finding for Recovery Repaid Under Audit (Continued)

Ohio Rev. Code Section 4111.03 (Continued)

The following represents overtime compensation paid to Charles Wolfe, Jr. per the 2003 Wages and Overtime Report, the recalculated amount due per the approved rate of pay, and the amount of the overpayment:

Payroll Date	Overtime Per Timecard	Overtime Rate	Recalculated Amount	Amount Paid	Fund	Amount Over Paid
06/16/03	9.5 hours	\$9.00	\$ 85.50	\$128.25	Cemetery	\$ 42.75
07/02/03	3 hours	\$9.00	27.00	40.50	Cemetery	13.50
07/07/03	15.50 hours	\$9.00	139.50	209.25	Cemetery	69.75
09/01/03	<u>2 hours</u>	\$9.00	<u>18.00</u>	<u>27.00</u>	Cemetery	<u>9.00</u>
Total	30 hours		\$270.00	\$405.00		\$135.00

In accordance with the foregoing facts pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Charles Wolfe Jr., Joyce White, Township Clerk, and Ohio Township Association Risk Management Authority (OTARMA), Joyce White's bonding company, jointly and severally, in the amount of \$135.00, for public moneys illegally expended, in favor of the Letart Township Cemetery Fund.

Charles Wolf Jr. repaid \$135.00 to the Township on August 16, 2004

FINDING NUMBER 2003-003

Noncompliance Citation

Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

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 that he is completing his certification, 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 taxing authority can 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 subdivision or taxing district.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-003
(Continued)**

Noncompliance Citation (Continued)

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

Amounts of less than \$1,000 (increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township utilized purchase orders which contain a space for the Township Clerk to sign certifying that funds were available. Although the purchase orders were signed by the Board of Trustees indicating their approval, none were signed by the Township Clerk. Therefore, funds were not certified prior to purchase commitment being made and no "then and now" certificate was obtained for 100 percent of the transactions.

We recommend the Township establish procedures to assure the required certification of funds from the Township Clerk is obtained prior to purchases being made. In the event this does not occur, we recommend the Township Clerk pursue a "then and now" certificate as stated above.

FINDING NUMBER 2003-004

Reportable Condition

The Township Clerk prepared the monthly reconciliations on the UAN system; however, she utilized the "other adjusting factors" to allow each month to reconcile to the bank balance. These "other adjusting factors" were not defined yet were used to reconcile the book balance to the bank balance. If the "other adjusting factors" are not defined then questions may arise regarding the true cash balance for the Township. In addition, this could allow for errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Township Clerk prepare monthly reconciliations and define any item placed in the "other adjusting factors". In addition, we recommend the Board of Trustees review monthly reconciliations for such "other adjusting factors" and approve the documentation supporting the "other adjusting factors".

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**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40753-001	Ohio Rev. Code §5705.41(D) – purchase commitments were made without prior certification that funds were available and encumbered.	No	Not Corrected; Refer to Finding Number 2003-003.



**Auditor of State
Betty Montgomery**

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**LETART TOWNSHIP
MEIGS COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 4, 2004**