



**Auditor of State
Betty Montgomery**

**SUMMIT TOWNSHIP
MONROE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Summit Township
Monroe County
35467 State Route 78
Lewisville, Ohio 43754

To the Board of Trustees:

We have audited the accompanying financial statements of Summit Township, Monroe 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 Summit Township, Monroe 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 September 13, 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.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 13, 2004

SUMMIT TOWNSHIP
MONROE 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>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$13,626	\$12,359	\$	\$	\$	\$25,985
Intergovernmental	14,799	106,371	10,366	13,537		145,073
Earnings on Investments	693	44			18	755
Other Revenue	2,171	2,954				5,125
Total Cash Receipts	<u>31,289</u>	<u>121,728</u>	<u>10,366</u>	<u>13,537</u>	<u>18</u>	<u>176,938</u>
Cash Disbursements:						
Current:						
General Government	21,381	75				21,456
Public Safety	1,320					1,320
Public Works		95,804				95,804
Conservation - Recreation	8,314					8,314
Debt Service:						
Redemption of Principal			8,579			8,579
Interest and Fiscal Charges			1,787			1,787
Capital Outlay		6,140		36,034		42,174
Total Cash Disbursements	<u>31,015</u>	<u>102,019</u>	<u>10,366</u>	<u>36,034</u>	<u>0</u>	<u>179,434</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>274</u>	<u>19,709</u>	<u>0</u>	<u>(22,497)</u>	<u>18</u>	<u>(2,496)</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		8,001				8,001
Transfers-Out		(8,001)				(8,001)
Other Sources	5,750				30,600	36,350
Total Other Financing Receipts/(Disbursements)	<u>5,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,600</u>	<u>36,350</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>6,024</u>	<u>19,709</u>	<u>0</u>	<u>(22,497)</u>	<u>30,618</u>	<u>33,854</u>
Fund Cash Balances, January 1	<u>12,413</u>	<u>12,698</u>	<u>0</u>	<u>58,763</u>	<u>0</u>	<u>83,874</u>
Fund Cash Balances, December 31	<u><u>\$18,437</u></u>	<u><u>\$32,407</u></u>	<u><u>\$0</u></u>	<u><u>\$36,266</u></u>	<u><u>\$30,618</u></u>	<u><u>\$117,728</u></u>

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

**SUMMIT TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$14,539	\$11,951	\$	\$	\$26,490
Intergovernmental	10,449	62,201	864		73,514
Earnings on Investments	1,336	62			1,398
Other Revenue	1,853	10,140			11,993
Total Cash Receipts	<u>28,177</u>	<u>84,354</u>	<u>864</u>	<u>0</u>	<u>113,395</u>
Cash Disbursements:					
Current:					
General Government	32,519				32,519
Public Safety	1,320				1,320
Public Works		72,004			72,004
Conservation - Recreation	20,762				20,762
Debt Service:					
Redemption of Principal			707		707
Interest and Fiscal Charges			157		157
Capital Outlay	6,000	55,450		11,222	72,672
Total Cash Disbursements	<u>60,601</u>	<u>127,454</u>	<u>864</u>	<u>11,222</u>	<u>200,141</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(32,424)</u>	<u>(43,100)</u>	<u>0</u>	<u>(11,222)</u>	<u>(86,746)</u>
Other Financing Receipts:					
Proceeds from Sale of Public Debt:					
Sale of Notes		46,450			46,450
Total Other Financing Receipts	<u>0</u>	<u>46,450</u>	<u>0</u>	<u>0</u>	<u>46,450</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(32,424)</u>	<u>3,350</u>	<u>0</u>	<u>(11,222)</u>	<u>(40,296)</u>
Fund Cash Balances, January 1	<u>44,837</u>	<u>9,348</u>	<u>0</u>	<u>69,985</u>	<u>124,170</u>
Fund Cash Balances, December 31	<u>\$12,413</u>	<u>\$12,698</u>	<u>\$0</u>	<u>\$58,763</u>	<u>\$83,874</u>

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

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Summit Township, Monroe 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, fire protection and emergency medical services. The Township contracts with the Lewisville and Community Volunteer Fire Department to provide fire and emergency medical 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Emergency Management Agency (FEMA) Fund – This fund received proceeds of a FEMA grant for the repair of storm damage to Township roads.

3. Debt Service Fund

This Debt Service Fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund – This fund receives gasoline tax money to pay principal and interest on a promissory note issued by the Township for the purchase of a tractor and related equipment.

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 Project Funds:

Community Center Improvement Fund – This fund received proceeds of a grant from the State of Ohio to repair the Township Community Center.

Ohio Public Works Commission Fund – The Township received a grant from the State of Ohio for a culvert project.

5. Fiduciary Fund (Agency Fund)

This fund is used to account for resources for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Benchmark Construction Security Fund – This fund received money from Benchmark Construction for retainage on a contract for culvert installation. This money will be returned to Benchmark Construction upon satisfactory completion of the project.

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. Appropriations lapse at year end.

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 required by law.

A summary of 2003 and 2002 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 AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$81,429	\$25,038
STAROhio	36,299	58,836
Total deposits and investments	<u>\$117,728</u>	<u>\$83,874</u>

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,813	\$37,039	\$6,226
Special Revenue	111,134	129,729	18,595
Debt Service	10,366	10,366	0
Capital Projects	13,537	13,537	0
Fiduciary	0	30,618	30,618
Total	<u>\$165,850</u>	<u>\$221,289</u>	<u>\$55,439</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,426	\$31,015	\$3,411
Special Revenue	86,614	110,020	(23,406)
Debt Service	10,366	10,366	0
Capital Projects	72,300	36,034	36,266
Total	<u>\$203,706</u>	<u>\$187,435</u>	<u>\$16,271</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,117	\$28,177	\$1,060
Special Revenue	129,930	130,804	874
Debt Service	864	864	0
Total	<u>\$157,911</u>	<u>\$159,845</u>	<u>\$1,934</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,288	\$60,601	\$12,687
Special Revenue	80,691	127,454	(46,763)
Debt Service	0	864	(864)
Capital Projects	69,984	11,222	58,762
Total	<u>\$223,963</u>	<u>\$200,141</u>	<u>\$23,822</u>

Contrary to Ohio law, budgetary expenditures exceeded object level appropriation authority within the General and Federal Emergency Management Agency (FEMA) Funds for the year ended December 31, 2003, and in the General, Gasoline Tax, and Note Retirement Funds for the year ended December 31, 2002.

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

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 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. DEBT

Debt outstanding at December 31, 2003, was as follows:

	Principal	Interest Rate
Promissory Note	\$37,164	4.40%

The Promissory Note was issued to finance the purchase of a tractor and related equipment to be used for Township road maintenance. This note is collateralized solely by the Township's taxing authority.

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

	Promissory Note
Year ending December 31:	
2004	\$10,366
2005	10,366
2006	10,366
2007	9,502
Total	\$40,600

6. RETIREMENT SYSTEM

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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, members of OPERS 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.

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

7. 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.

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	(11,791,300)	(9,197,512)
Retained earnings	\$16,000,923	\$14,559,524

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

<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>

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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Auditor of State Betty Montgomery

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

Summit Township
Monroe County
35467 State Route 78
Lewisville, Ohio 43754

To the Board of Trustees:

We have audited the accompanying financial statements of Summit Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 13, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated September 13, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2003-003.

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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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Township's management in a separate letter dated September 13, 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

September 13, 2004

**SUMMIT TOWNSHIP
MONROE COUNTY**

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

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

FINDING NUMBER 2003-001

Noncompliance Citation

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

The following fund/function/object levels had expenditures which exceeded appropriations at December 31, 2003:

Fund	Appropriations	Expenditures	Excess
General Fund			
Conservation Recreation			
Contract Services	\$0	\$690	(\$690)
Other Expenses	\$2,189	\$6,343	(\$4,154)
Federal Emergency Management Agency Fund #1			
Public Works			
Contract Services	\$0	\$25,704	(\$25,704)
Operating Supplies	\$0	\$3,160	(\$3,160)
Transfers			
Transfers Out	\$0	\$3,118	(\$3,118)
Federal Emergency Management Agency Fund #2			
Transfers			
Transfers Out	\$0	\$4,883	(\$4,883)

The following fund/function/object levels had expenditures which exceeded appropriations at December 31, 2002:

Fund	Appropriations	Expenditures	Excess
General Fund			
Conservation-Recreation			
Other Expenses	\$10,145	\$15,199	(\$5,054)
Gasoline Tax Fund			
Public Works			
Contract Services	\$15,000	\$24,488	(\$9,488)
Capital Outlay			
Machinery, Equipment, and Furniture	\$0	\$46,450	(\$46,450)
Note Retirement Fund			
Debt Service			
Principal	\$0	\$707	(\$707)
Interest	\$0	\$157	(\$157)

These variances resulted from posting audit adjustments to agree appropriations to legislatively approved amounts. The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. We recommend the Township Clerk obtain Board of Trustee approval when supplemental appropriation changes or appropriation increases are necessary.

**SUMMIT TOWNSHIP
MONROE 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)
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FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached 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 Ohio Rev. Code Section 5705.41(D)(1):

- A. Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. 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.

- B. Amounts of less than \$1,000 (\$3,000 after 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 Clerk's prior certification of available funds was not obtained for 27% of transactions tested and there was no evidence of a "then and now" certificate being used by the Township Clerk.

We recommend Township officials and employees obtain the Township Clerk's prior certification of available funds for all disbursements prior to incurring the obligation.

FINDING NUMBER 2003-003

Reportable Condition

Budgeted revenue and appropriation amounts posted to the Township's computer system did not always agree to source documents, such as the Certificate of Estimated Resources and the Appropriations Resolution.

As a result, information available for Township officials to monitor year-to-date total comparisons of estimated resources versus actual receipts and appropriations versus expenditures was not accurate.

We recommend the Township Clerk post estimated resources and appropriations to the computer system as received from the County Budget Commission and approved by the Township Trustees. The Township Clerk should periodically print-out budget versus actual receipt and expenditure reports for the Township Trustees to review so they can effectively monitor budget versus actual receipt and expenditures during the year.

**SUMMIT TOWNSHIP
MONROE 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>
2001-41056-001	Ohio Rev. Code Section 505.24 for not properly allocating Board of Trustee salaries to the correct funds.	Yes	N/A.
2001-41056-002	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriation authority.	No	Repeated as Finding No. 2003-001.



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**SUMMIT TOWNSHIP
MONROE 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**