



**Auditor of State
Betty Montgomery**

MARGARETTA TOWNSHIP
ERIE COUNTY

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**Auditor of State
Betty Montgomery**

Margaretta Township
Erie County
114 Main Street, P.O. Box 278
Castalia, Ohio 44824-0278

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 9, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Margaretta Township
Erie County
114 Main Street, P.O. Box 278
Castalia, Ohio 44824-0278

To the Board of Trustees:

We have audited the accompanying financial statements of Margaretta Township, Erie County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Margaretta Township, Erie County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 9, 2006

**MARGARETTA TOWNSHIP
ERIE 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, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$128,051	\$858,981			\$987,032
Intergovernmental	172,238	175,677	\$160,249		508,164
Charges for Services		10,730			10,730
Licenses, Permits, and Fees	35,624	21,025			56,649
Earnings on Investments	24,147	2,175		\$46	26,368
Other Revenue	5,032	39,641			44,673
Total Cash Receipts	<u>365,092</u>	<u>1,108,229</u>	<u>160,249</u>	<u>46</u>	<u>1,633,616</u>
Cash Disbursements:					
Current:					
General Government	231,295				231,295
Public Safety	27,817	733,305			761,122
Public Works	63,801	365,678			429,479
Health	8,431	53,612			62,043
Conservation - Recreation		18,962			18,962
Debt Service:					
Redemption of Principal		50,764			50,764
Interest and Fiscal Charges		4,790			4,790
Capital Outlay	78,244	16,869	160,249		255,362
Total Cash Disbursements	<u>409,588</u>	<u>1,243,980</u>	<u>160,249</u>		<u>1,813,817</u>
Total Receipts Over/(Under) Disbursements	<u>(44,496)</u>	<u>(135,751)</u>		<u>46</u>	<u>(180,201)</u>
Other Financing Receipts and (Disbursements):					
Advances-In		20,000			20,000
Advances-Out	(20,000)				(20,000)
Other Uses	(11,428)				(11,428)
Total Other Financing Receipts/(Disbursements)	<u>(31,428)</u>	<u>20,000</u>			<u>(11,428)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(75,924)	(115,751)		46	(191,629)
Fund Cash Balances, January 1	638,861	331,602		1,732	972,195
Fund Cash Balances, December 31	<u><u>\$562,937</u></u>	<u><u>\$215,851</u></u>		<u><u>\$1,778</u></u>	<u><u>\$780,566</u></u>

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

**MARGARETTA TOWNSHIP
ERIE 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, 2004**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$204,873	\$1,031,728			\$1,236,601
Intergovernmental	159,207	168,294	\$135,000		462,501
Charges for Services		19,605			19,605
Licenses, Permits, and Fees	38,177	23,603			61,780
Earnings on Investments	9,203	1,190		\$18	10,411
Other Revenue	5,292	55,128			60,420
Total Cash Receipts	<u>416,752</u>	<u>1,299,548</u>	<u>135,000</u>	<u>18</u>	<u>1,851,318</u>
Cash Disbursements:					
Current:					
General Government	232,446				232,446
Public Safety	75,277	773,765			849,042
Public Works	56,018	317,316			373,334
Health	10,730	44,367			55,097
Conservation - Recreation		25,323			25,323
Debt Service:					
Redemption of Principal		48,913			48,913
Interest and Fiscal Charges		6,641			6,641
Capital Outlay	21,098	20,571	135,000		176,669
Total Cash Disbursements	<u>395,569</u>	<u>1,236,896</u>	<u>135,000</u>		<u>1,767,465</u>
Total Receipts Over Disbursements	<u>21,183</u>	<u>62,652</u>		<u>18</u>	<u>83,853</u>
Other Financing Receipts and (Disbursements):					
Advances-In	150,000	150,000			300,000
Advances-Out	(150,000)	(150,000)			(300,000)
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>21,183</u>	<u>62,652</u>		<u>18</u>	<u>83,853</u>
Fund Cash Balances, January 1	<u>617,678</u>	<u>268,950</u>		<u>1,714</u>	<u>888,342</u>
Fund Cash Balances, December 31	<u><u>\$638,861</u></u>	<u><u>\$331,602</u></u>		<u><u>\$1,732</u></u>	<u><u>\$972,195</u></u>

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

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Margaretta Township, Erie County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The investment in STAR Ohio is recorded at share values reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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 Fund:

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fire District Fund - This fund receives property tax money to support the operation of the fire protection services.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Resurface Phase II Fund - The Township received Issue II grant from the State of Ohio to resurface Maple Avenue and Homegardener Road within the Township limits.

4. Fiduciary Funds (Trust Funds)

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

Cemetery Bequest Fund – This expendable trust fund receives interest on the balance to be used for cemetery purposes.

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.

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 cancelled and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$231,462	\$439,664
STAR Ohio	549,104	532,531
Total deposits and investments	\$780,566	\$972,195

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$427,307	\$365,092	(\$62,215)
Special Revenue	1,071,701	1,108,229	36,528
Capital Projects	170,000	160,249	(9,751)
Fiduciary	2,089	46	(2,043)
Total	\$1,671,097	\$1,633,616	(\$37,481)

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,062,400	\$421,016	\$641,384
Special Revenue	1,373,586	1,243,980	129,606
Capital Projects	170,000	160,249	9,751
Fiduciary	1,732	1,732	1,732
Total	\$2,607,718	\$1,825,245	\$782,473

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$431,428	\$416,752	(\$14,676)
Special Revenue	1,284,804	1,299,548	14,744
Capital Projects	135,000	135,000	-
Fiduciary	2,028	18	(2,010)
Total	\$1,853,260	\$1,851,318	(\$1,942)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,043,386	\$395,569	\$647,817
Special Revenue	1,394,303	1,236,896	157,407
Capital Projects	135,000	135,000	-
Fiduciary	3,742	3,742	3,742
Total	\$2,576,431	\$1,767,465	\$808,966

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT

Debt outstanding at December 31, 2005, was as follows:

	Principal	Interest Rate
Fire Pumper Truck	\$105,051	3.22%

The fire pumper truck commercial loan was obtained to finance the purchase of a new fire pumper truck and was dated March 19, 2002 in the amount of \$250,105. The loan will be paid in annual installments of \$55,554.

Amortization of the above debt, including interest of \$5,618, is scheduled as follows:

Year ending December 31:	Fire Pumper Truck Loan
2006	55,554
2007	55,115
Total	\$110,669

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine;
- Public Officials' liability;
- Ambulance processional liability.

The Township provides health insurance and dental coverage to full time employees.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Margaretta Township
Erie County
114 Main Street, P.O. Box 278
Castalia, Ohio 44824-0278

To the Board of Trustees:

We have audited the financial statements of Margaretta Township, Erie County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 9, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 to express our opinion on the financial statements and not to opine 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 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 2005-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated November 9, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 9, 2006

**MARGARETTA TOWNSHIP
ERIE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Finding for Recovery Repaid Under Audit

Ohio Revised Code § 507.09 sets the salary for township clerks in townships with a budget between \$1,500,001 and \$3,500,000 as follows. For the clerks whose terms were April 1, 2000, to March 31, 2004, and then started a new term of April 1, 2004, to March 31, 2008, the clerk is due \$4,333.29 for January 1, 2004, to March 31, 2004, and \$13,471.50 for April 1, 2004, to December 31, 2004, for a total amount due of \$17,804.79.

For 2004, Township Fiscal Officer, Mary Ann Lindsley, was compensated \$17,962 resulting in an overpayment of \$157.21.

In accordance with the forgoing facts and pursuant to O.R.C. §117.28, a finding for recovery for public money illegally expended is hereby issued against Mary Ann Lindsley, Township Fiscal Officer, and the Hartford Fire Insurance Company, her surety, jointly and severally, in the amount of \$157.21, in favor of the Township Treasury.

Mary Ann Lindsley reimbursed the Township \$157.21 on October 25, 2006.

Official's Response

The trustees & I relied on guidance published in the *Grassroots Clippings*, a publication of the Ohio Township Association, November, 2003. It states:

Compensations Charts for 2004

Per ORC Sections 505.24 and 507.09, township trustees and clerks salaries are set based on the budget of the township. The scheme for cost of living increases was altered in 2000 when the General Assembly passed legislation continuing cost of living increase through 2008. Cost of living increases are determined by the lesser of two numbers: 3% or the Consumer's Price Index (CPI) rating for the previous year.

The CPI for 2003, per the US Department of Labor, is 2.3%. Therefore, all trustees and clerks salaries for 2004 (except clerks in townships with budgets over \$6 million) are increased by 2.3%.

This is followed by a chart entitled "CLERK COMPENSATION ANNUAL SALARY" with a column heading of "Pay for 2004".

Typically this chart is published near an end-of-year so that township budgets, which begin January 1, can be determined. No mention is made for the clerk's raise to begin other than the start of the budget year.

No impropriety on our part was intended, nor do we feel any was committed. However, I have returned the amount the state examiner has calculated to be an overpayment, i.e. \$157.21.

FINDING NUMBER 2005-002

Reportable Condition – Township Policies

We noted the following weaknesses regarding Township policies over payroll:

- The Township had not formally adopted the new accumulation process for sick leave for the Fire Department.
- The Township had not formally adopted the policies for Fire Department Call Back Time and Extra Time accumulation, usage and recordkeeping.
- The Township had revised the Fire Department Compensatory Time policy but had not included it as part of the 1992 Personnel Policy Manual.
- The Township had not formally adopted a policy for maintenance, verification and recordkeeping of the Fire Department time for payroll.
- The Township had not formally reviewed and updated the Township Personnel Policy Manual since 1992, even though changes had been made to existing policies within the manual.

Management was advised that the failure to employ adequate controls over various leave accumulations, usage, approval processes, time sheet recordkeeping and updating the personnel policies could result in misunderstandings and inconsistencies in applying these policies.

We recommend the following corrective action:

- The Township should formally adopt a detailed sick leave policy for the Fire Department to govern the accumulation and usage of the leave.
- The Township should formally adopt detailed Call Back Time and Extra Time policies to govern the accumulation and usage of such benefits for the Fire Department personnel.
- The Township should formally adopt the Fire Department's revised Comp Time policy and include in the Personnel Policy Manual.
- The Township should formally adopt a detailed policy for the maintenance, verification and recordkeeping of the Fire Department's payroll.
- The Township should formally review, update and re-issue a detailed Personnel Policy Manual that incorporates all revisions that have been officially or unofficially approved by the Township Trustees since 1992.

Official's Response

The Township Trustees plan to address the weaknesses listed by reviewing, updating and making any necessary changes to our policies and to add them to our Township Personnel Policy Manual.

We will use your recommendations as a guideline in updating and changing our personnel policies.



**Auditor of State
Betty Montgomery**

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MARGARETTA TOWNSHIP

ERIE 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
DECEMBER 12, 2006**