



**Auditor of State
Betty Montgomery**

HOPEWELL TOWNSHIP
PERRY COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hopewell Township
Perry County
4692 Hopewell Indian Road
Glenford, Ohio 43739

To the Board of Trustees:

We have audited the accompanying financial statements of Hopewell Township, Perry 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 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 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 Hopewell Township, Perry 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 25, 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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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

August 25, 2004

**HOPEWELL TOWNSHIP
PERRY 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$28,627	\$137,267	\$	\$165,894
Intergovernmental	23,323	186,481		209,804
Charges for Services		39,512		39,512
Licenses, Permits, and Fees	145,635			145,635
Earnings on Investments	4,977	124	47	5,148
Other Revenue	1,145	400		1,545
	<u>203,707</u>	<u>363,784</u>	<u>47</u>	<u>567,538</u>
Cash Disbursements:				
Current:				
General Government	101,728			101,728
Public Safety		308,730		308,730
Public Works	109,943	96,550		206,493
Debt Service:				
Redemption of Principal		9,374		9,374
Interest and Fiscal Charges		7,134		7,134
Capital Outlay	2,700			2,700
	<u>214,371</u>	<u>421,788</u>	<u>0</u>	<u>636,159</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(10,664)</u>	<u>(58,004)</u>	<u>47</u>	<u>(68,621)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		515		515
Advances-In	4,000	4,000		8,000
Transfers-Out	(515)		0	(515)
Advances-Out	(4,000)	(4,000)		(8,000)
	<u>(515)</u>	<u>515</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,179)	(57,489)	47	(68,621)
Fund Cash Balances, January 1	<u>252,258</u>	<u>255,571</u>	<u>1,093</u>	<u>508,922</u>
Fund Cash Balances, December 31	<u>\$241,079</u>	<u>\$198,082</u>	<u>\$1,140</u>	<u>\$440,301</u>

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

**HOPEWELL TOWNSHIP
PERRY 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$26,094	\$134,170	\$	\$160,264
Intergovernmental	21,932	75,532		97,464
Charges for Services		36,915		36,915
Licenses, Permits, and Fees	153,499			153,499
Earnings on Investments	9,173	130	47	9,350
Other Revenue	986	466		1,452
Total Cash Receipts	<u>211,684</u>	<u>247,213</u>	<u>47</u>	<u>458,944</u>
Cash Disbursements:				
Current:				
General Government	100,857			100,857
Public Safety		89,614		89,614
Public Works	96,641	74,852		171,493
Debt Service:				
Redemption of Principal		8,803		8,803
Interest and Fiscal Charges		7,706		7,706
Capital Outlay	216			216
Total Cash Disbursements	<u>197,714</u>	<u>180,975</u>	<u>0</u>	<u>378,689</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,970</u>	<u>66,238</u>	<u>47</u>	<u>80,255</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,645		1,645
Transfers-Out	(1,645)		0	(1,645)
Total Other Financing Receipts/(Disbursements)	<u>(1,645)</u>	<u>1,645</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,325	67,883	47	80,255
Fund Cash Balances, January 1	<u>239,933</u>	<u>187,688</u>	<u>1,046</u>	<u>428,667</u>
Fund Cash Balances, December 31	<u>\$252,258</u>	<u>\$255,571</u>	<u>\$1,093</u>	<u>\$508,922</u>

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

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hopewell Township, Perry 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'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

Certificates of deposit are valued at cost.

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 property tax money for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives property tax money for fire and emergency services provided to the Township residents.

FEMA Special Fund - This fund receives money from the Federal Emergency Management Agency for emergency equipment.

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Melick Trust Fund – This fund maintains the corpus of a trust established for the care of the Township's cemetery.

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

2. EQUITY IN POOLED CASH

The Township maintains a cash and investment 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	277,096	296,308
Certificates of deposit	163,205	212,614
Total deposits	\$440,301	\$508,922

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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	\$207,096	\$203,707	(\$3,389)
Special Revenue	320,174	364,299	44,125
Fiduciary	11	47	36
Total	\$527,281	\$568,053	\$40,772

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$459,147	\$214,886	\$244,261
Special Revenue	484,591	421,788	62,803
Fiduciary	104	0	104
Total	\$943,842	\$636,674	\$307,168

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,135	\$211,684	(\$11,451)
Special Revenue	225,095	248,858	23,763
Fiduciary	16	47	31
Total	\$448,246	\$460,589	\$12,343

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$464,721	\$199,359	\$265,362
Special Revenue	411,130	180,975	230,155
Fiduciary	0	0	0
Total	\$875,851	\$380,334	\$495,517

Accountability and Compliance

Contrary to Ohio law, the certification of availability of unencumbered appropriations for expenditure was not obtained for all expenditures made during 2003 and 2002.

Expenditures exceeded appropriations at the legal level of control for certain accounts within the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Fire, FEMA Special and FEMA Snow Emergency Funds during 2003 and within the General, Gasoline Tax, Road and Bridge, and Fire Funds during 2002. In addition, total fund budgetary expenditures exceeded total fund appropriations in the FEMA Special and FEMA Snow Emergency Funds, by \$86,247 and \$4,607, respectively, for the year ended December 31, 2003.

Amendments made to the Township's appropriations were neither formally approved by the Board of Trustees, nor certified to the County Auditor, contrary to Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

On February 3, 2001, the Township entered into a lease agreement for the purchase of a tanker truck. Principal outstanding at December 31, 2003 was \$100,557 at an interest rate of 6.49%. The lessor maintains a security interest in the tanker truck as collateral.

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

5. DEBT(Continued)

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

Year ending December 31:	<u>Tanker Truck Lease</u>
2004	\$16,509
2005	16,509
2006	16,509
2007	16,509
2008	16,509
2009 – 2012	<u>49,524</u>
Total	<u><u>\$132,069</u></u>

6. RETIREMENT SYSTEMS

The Township's 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 for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

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.

**HOPEWELL TOWNSHIP
PERRY COUNTY**

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

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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	<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	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



Auditor of State Betty Montgomery

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

Hopewell Township
Perry County
4692 Hopewell Indian Road
Glenford, Ohio 43739

To the Board of Trustees:

We have audited the financial statements of Hopewell Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 25, 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* which are described in the accompanying Schedule of Findings as items 2003-002 through 2003-004. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated August 25, 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002.

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 consider the reportable conditions described above to be material weaknesses. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 25, 2004.

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.

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 25, 2004

**HOPEWELL TOWNSHIP
PERRY 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

Reportable Condition

Estimated Receipts

The Township did not properly post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the amounts on certificates of estimated resources and the amounts posted to the accounting system throughout the year. The following table details these variances:

	<u>Fund</u>	<u>Amounts Per Last Amended Certificate</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
2003	Road and Bridge Fund	\$27,500	\$27,300	(\$200)
	FEMA Special Fund	\$86,247	\$0	(\$86,247)
	FEMA Snow Emergency Fund	\$4,607	\$0	(\$4,607)
2002	Non-Expendable Trust Fund	\$16	\$50	\$34

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year.

We recommend the Township Clerk record only estimated receipts from the certificate of estimated resources and any amendments thereto. The accompanying budgetary presentation in the notes to the financial statements includes only budgeted receipts certified to the County Auditor.

FINDING NUMBER 2003-002

Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 5705.40 states, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of the law as are used in making the original appropriation.

The Township Clerk posted multiple appropriation amendments throughout the audit period. However, these amendments were neither approved by the Board of Trustees in the minutes, nor certified to the County Auditor. The following table compares approved appropriations to those posted to the accounting system:

**HOPEWELL TOWNSHIP
PERRY 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)

Noncompliance Citation and Reportable Condition - Ohio Revised Code § 5705.40 (Continued)

<u>Fiscal Year</u>	<u>Fund</u>	<u>Appropriations Posted to the Accounting System</u>	<u>Approved Appropriations</u>	<u>Approved Appropriations Over/(Under) Appropriations Posted</u>
2002	1000-110-121	23,217	22,000	(1,217)
2002	1000-110-222	639	0	(639)
2002	1000-110-312	3,700	4000	300
2002	1000-110-342	500	200	(300)
2002	1000-110-519	300	200	(100)
2002	100-110-599	152,571	208,422	55,851
2002	1000-130-599	2,450	200	(2,250)
2002	1000-330-323	100,000	50,000	(50,000)
2002	1000-910-910	1,645	0	(1,645)
2002	2021-330-160	31,974	32,000	26
2002	2021-330-213	582	500	(82)
2002	2021-330-599	823	879	56
2002	2031-330-160	12,111	12,000	(111)
2002	2031-330-381	3,923	2,500	(1,423)
2002	2031-330-382	289	400	111
2002	2031-330-420	13,577	15,000	1,423
2002	2191-220-520	10,500	10,000	(500)
2002	2191-220-520	72,003	94,012	22,009
2002	2191-220-740	35,000	30,000	(5,000)
2002	2191-820-820	8,803	0	(8,803)
2002	2191-830-830	7,706	0	(7,706)
2003	1000-110-230	4,774	3,000	(1,774)
2003	1000-110-318	646	500	(146)
2003	1000-110-319	30	15	(15)
2003	100-110-341	579	450	(129)
2003	1000-110-345	400	300	(100)
2003	1000-110-370	850	150	(700)
2003	1000-110-519	254	144	(110)
2003	1000-120-599	143,827	152,800	8,973
2003	1000-330-323	70,000	100,000	30,000
2003	1000-330-420	55,000	20,000	(35,000)
2003	1000-330-710	1,00	0	(1,000)
2003	2011-330-190	5,584	5,000	(584)
2003	2011-330-211	0	500	500
2003	2011-330-420	6,900	7,000	100
2003	2021-330-190	35,362	36,432	1,070
2003	2021-330-211	3,362	1,000	(2,632)
2003	2021-330-323	6,400	7,000	600

**HOPEWELL TO410643WNSHIP
PERRY 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)

Noncompliance Citation and Reportable Condition - Ohio Revised Code § 5705.40 (Continued)

<u>Fiscal Year</u>	<u>Fund</u>	<u>Appropriations Posted to the Accounting System</u>	<u>Approved Appropriations</u>	<u>Approved Appropriations Over/(Under) Appropriations Posted</u>
2003	2021-330-430	4,4452	5,000	548
2003	2021-330-599	643	1,053	410
2003	2031-330-190	13,168	14,168	1,000
2003	2031-330-341	580	350	(230)
2003	2031-330-381	4,405	5,000	595
2003	2031-330-382	465	350	(115)
2003	2031-330-420	11,000	15,00	4,000
2003	203-330-430	2,095	2,500	405
2003	2031-330-599	852	1,197	345
2003	2191-220-323	40,000	20,000	(20,000)
2003	2191-220-341	994	800	(194)
2003	2191-220-353	4,716	2,316	(2,400)
2003	2191-220-520	12,708	11,000	(1,708)
2003	2191-220-599	59,791	84,166	24,375
2003	2901-220-740	86,247	0	(86,247)
2003	2902-330-190	873	0	(873)
2003	2902-330-323	3,734	0	(3,734)

We recommend Township management proceed in the following manner: review budgetary procedures for amending appropriations, document Board approval of all appropriations amendments in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Township Clerk should post these amendments only after the required approvals have been obtained. The accompanying budgetary presentation includes only appropriations approved by the Board.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

During the year ended December 31, 2003, the following Township funds had expenditures which exceeded appropriations:

**HOPEWELL TOWNSHIP
PERRY 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 - Ohio Rev. Code § 5705.41 (Continued)

Fund	Appropriation Authority	Disbursements	Variance
FEMA Special Fund	\$ -	\$ 86,247	\$ (86,247)
FEMA Snow Emergency Fund	0	4,607	(4,607)

Additionally, although total fund budgetary expenditures did not exceed appropriations in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Fire Funds during 2003 and in the General, Gasoline Tax, Road and Bridge, and Fire Funds during 2002, expenditures exceeded appropriations at the legal level of control for certain accounts within these funds, contrary to Ohio law. The practice of allowing expenditures to exceed appropriations could result in deficit spending within these funds.

The Township Clerk should deny payment requests exceeding appropriations, as required by Ohio Rev. Code Section 5705.41(B). We recommend the Township Clerk and Board of Trustees compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

HOPEWELL TOWNSHIP
PERRY 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 2003-004 (Continued)

Noncompliance Citation - Ohio Rev. Code § 5705.41(D)(1) (Continued)

1. **“Then and Now” certificate** - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that 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 (Board of Trustees) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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 Township.
2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 19% of the expenditures tested and there was no evidence that the Township followed the aforementioned exceptions. Without these certifications, the management of the Township lost budgetary control over expenditures and, as more fully explained in Note 3 to the financial statements, this condition allowed noncompliance with Ohio Rev. Code Section 5705.41(B) to occur.

**HOPEWELL TOWNSHIP
PERRY 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 2003-004 (Continued)

Noncompliance Citation - Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township Clerk certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**HOPEWELL TOWNSHIP
PERRY 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>
2001-41060-001	Ohio Rev. Code Section 5705.41 (D), certification of available appropriations	No	Not Corrected – Repeated as Finding Number 2003-004



**Auditor of State
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**HOPEWELL TOWNSHIP
PERRY 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**