



**Auditor of State
Betty Montgomery**

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Rutland Township
Meigs County
P.O. Box 326
Rutland, Ohio 45775

To the Board of Township Trustees:

We have audited the accompanying financial statements of Rutland Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Rutland Township, Meigs County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 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.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 7, 2004

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>	
Cash Receipts:			
Local Taxes	\$7,502	\$55,445	\$62,947
Intergovernmental	21,675	419,903	441,578
Earnings on Investments	111	155	266
Other Revenue	426	47,174	47,600
	<u>29,714</u>	<u>522,677</u>	<u>552,391</u>
Cash Disbursements:			
Current:			
General Government	45,139	169,366	214,505
Public Safety		27,972	27,972
Public Works		147,814	147,814
Health		22,690	22,690
Miscellaneous		3,058	3,058
Debt Service:			
Redemption of Principal		11,500	11,500
Interest and Fiscal Charges		1,045	1,045
Capital Outlay		133,155	133,155
	<u>45,139</u>	<u>516,600</u>	<u>561,739</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(15,425)</u>	<u>6,077</u>	<u>(9,348)</u>
Other Financing Receipts/(Disbursements):			
Other Sources	<u>2,347</u>	<u>2,928</u>	<u>5,275</u>
Total Other Financing Receipts/(Disbursements)	<u>2,347</u>	<u>2,928</u>	<u>5,275</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,078)	9,005	(4,073)
Fund Cash Balances, January 1	<u>18,878</u>	<u>33,744</u>	<u>52,622</u>
Fund Cash Balances, December 31	<u>\$5,800</u>	<u>\$42,749</u>	<u>\$48,549</u>

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

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Fiduciary Fund</u>
Cash Receipts:	
Earnings on Investments	<u>\$381</u>
Total Cash Receipts	<u>381</u>
Fund Cash Balance, January 1	<u>10,647</u>
Fund Cash Balance, December 31	<u><u>\$11,028</u></u>

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

**RUTLAND TOWNSHIP
MEIGS 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>	
Cash Receipts:			
Local Taxes	\$8,048	\$56,579	\$64,627
Intergovernmental	33,594	129,247	162,841
Earnings on Investments	245	604	849
Other Revenue	12,759	45,842	58,601
	<u>54,646</u>	<u>232,272</u>	<u>286,918</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	54,815		54,815
Public Safety		26,990	26,990
Public Works		162,162	162,162
Health		21,086	21,086
Debt Service:			
Redemption of Principal		11,500	11,500
Interest and Fiscal Charges		1,655	1,655
Capital Outlay		6,000	6,000
	<u>54,815</u>	<u>229,393</u>	<u>284,208</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(169)</u>	<u>2,879</u>	<u>2,710</u>
Fund Cash Balances, January 1	<u>19,047</u>	<u>30,865</u>	<u>49,912</u>
Fund Cash Balances, December 31	<u>\$18,878</u>	<u>\$33,744</u>	<u>\$52,622</u>

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

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Fiduciary Fund</u>
Cash Receipts:	
Earnings on Investments	<u>\$826</u>
Total Cash Receipts	<u>826</u>
Fund Cash Balance, January 1	<u>9,821</u>
Fund Cash Balance, December 31	<u><u>\$10,647</u></u>

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

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rutland Township, Meigs County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Rutland/Langsville Mitigation Fund - This fund receives Federal and State money for flood mitigation projects.

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

3. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Trust - This fund receives interest for the maintenance of the Township Cemeteries.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of 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.

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

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. 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.

2. EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$50,153	\$54,245
Certificates of deposit	9,424	9,024
Total Deposits	<u>\$59,577</u>	<u>\$63,269</u>

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

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,522	\$32,061	\$4,539
Special Revenue	486,861	525,605	38,744
Fiduciary	0	381	381
Total	\$514,383	\$558,047	\$43,664

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,037	\$45,139	\$2,898
Special Revenue	220,138	516,600	(296,462)
Total	\$268,175	\$561,739	(\$293,564)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,987	\$54,646	\$14,659
Special Revenue	212,807	232,272	19,465
Fiduciary	107	826	719
Total	\$252,901	\$287,744	\$34,843

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,824	\$54,815	(\$7,991)
Special Revenue	202,498	229,393	(26,895)
Total	\$249,322	\$284,208	(\$34,886)

Contrary to Ohio law, the Township's actual budgetary expenditures exceeded appropriations at the legal level of control within the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Federal Hazard Mitigation Funds in 2003 and within the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds in 2002.

**RUTLAND TOWNSHIP
MEIGS 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 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.

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.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$8,000	6%
Total	\$8,000	

The general obligation bonds were issued to finance the purchase of a tractor to be used for Township road maintenance. The bonds are collateralized solely by the Township's taxing authority

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

	Tractor Note
Year ending December 31:	
2004	\$6,500
2005	2,125
Total	\$8,625

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

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. 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.

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.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Financial Position

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

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
FEDERAL EMERGENCY MANGEMENT AGENCY			
<i>Pass through Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant Program	83.548	DR-1339.007-OH	\$287,207
<i>Pass through Ohio Emergency Management Agency:</i>			
Public Assistance - Federal Emergency Management Agency Economic Development Facilities	83.544	DR-1339.007-OH	<u>42,865</u>
Total Federal Emergency Management			<u>330,072</u>
Total Federal Awards Expenditures			<u><u>\$330,072</u></u>

The accompanying Notes to the Schedule of Federal Award Expenditures is an integral part of this Schedule.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures, (the Schedule), summarizes the activity of the Township's federal award program. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the Township contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Auditor of State Betty Montgomery

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

Rutland Township
Meigs County
PO Box 326
Rutland, Ohio 45775

To the Board of Trustees:

We have audited the accompanying financial statements of Rutland Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 7, 2004 wherein we noted 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 7, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated September 7, 2004.

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Rutland Township
Meigs County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, 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 7, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Rutland Township
Meigs County
PO Box 326
Rutland, Ohio 45775

Compliance

We have audited the compliance of Rutland Township, Meigs County, Ohio (the Township), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Township's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Township in a separate letter dated September 7, 2004.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Trustees, and federal awarding agencies, and pass-through entities, 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 7, 2004

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	No
(d)(1)(vii)	Major Programs (list):	Hazard Mitigation Grant Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

**2. 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) states no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township Clerk made appropriation amendments in the system without Trustee approval. As a result, expenditures exceeded Trustee approved appropriations at the legal level of control during 2003 and 2002 in the following line items:

<u>Fund</u>	<u>Account</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<u>2003</u>				
General	1000-110-389	\$11,500	\$11,525	(\$25)
	1000-110-599	17,934	18,275	(340)
Motor Vehicle License Tax	2011-330-111	4,800	7,085	(2,285)
	2011-330-323	673	1,356	(683)
	2011-330-420	5,800	6,307	(507)
Gasoline Tax	2021-330-190	9,660	25,455	(15,795)
	2021-330-211	1,365	3,426	(2,061)
	2021-330-213	250	448	(198)
	2021-330-420	18,272	24,930	(6,658)
Road and Bridge	2031-330-111	7,428	7,788	(360)
	2031-330-211	1,025	2,185	(1,160)
	2031-330-323	1,856	2,738	(882)
	2031-330-420	5,000	6,152	(1,152)
Federal Hazard Mitigation Grant	2901-110-317	12,219	36,479	(24,260)
	2901-110-410	4,191	6,438	(2,247)
	2901-190-360	-	103,460	(103,460)
	2901-190-390	-	22,610	(22,610)
	2901-710-319	-	3,058	(3,058)
	2901-760-710	-	133,155	(133,155)
<u>2002</u>				
General	1000-110-211	8,666	10,172	(1,506)
	1000-110-211	1,180	1,328	(148)
	1000-110-312	3,000	3,519	(519)
	1000-110-315	600	1,053	(453)
	1000-110-389	9,000	10,722	(1,722)
	1000-110-599	16,178	24,205	(8,027)
Motor Vehicle License Tax	2011-330-323	500	600	(100)
	2011-330-420	1,014	7,248	(6,234)
Gasoline Tax	2021-330-111	6,416	6,908	(492)
	2021-330-420	11,414	42,689	(31,275)
Road and Bridge	2031-330-111	6,416	7,110	(694)
	2031-330-211	875	900	(25)
	2031-330-420	1,922	4,606	(2,684)

**RUTLANDTOWNSHIP
MEIGS COUNTY**

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

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

FINDING NUMBER 2003-001 (Continued)

Noncompliance Citation (Continued)

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

We recommend Trustees approve all amendments to the appropriations at the legal level of control and when needed, approve to increase appropriations subject to the availability of revenues. The budgetary disclosures in Note 3 reports only amounts the Board of Trustees appropriated.

3. FINDINGS FOR FEDERAL AWARDS

None



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Betty Montgomery**

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RUTLAND TOWNSHIP

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 18, 2004**