



**LEE TOWNSHIP
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

LEE TOWNSHIP
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Lee Township
Athens County
1670 Morton Avenue
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Lee Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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. 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 presents fairly, in all material respects, the combined fund cash balances of Lee Township, Athens County, as of December 31, 2000 and 1999, 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 March 21, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 21, 2001

This page intentionally left blank.

**LEE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$34,535	\$57,721	\$8,424	\$100,680
Intergovernmental	20,314	74,186		94,500
Interest	2,647	1,383		4,030
Other Revenue	154	30		184
	<u>57,650</u>	<u>133,320</u>	<u>8,424</u>	<u>199,394</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	48,113			48,113
Public Safety		19,723		19,723
Public Works		100,558		100,558
Health	1,494			1,494
Bond Principal Payment			7,008	7,008
Interest			1,416	1,416
	<u>49,607</u>	<u>120,281</u>	<u>8,424</u>	<u>178,312</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,043</u>	<u>13,039</u>	<u>0</u>	<u>21,082</u>
Other Financing Receipts/(Disbursements):				
Other Sources		7,000		7,000
	<u>0</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,043	20,039	0	28,082
Fund Cash Balances, January 1	<u>56,612</u>	<u>115,462</u>	<u>0</u>	<u>172,074</u>
Fund Cash Balances, December 31	<u>\$ 64,655</u>	<u>\$ 135,501</u>	<u>\$ 0</u>	<u>\$ 200,156</u>

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

**LEE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$31,861	\$52,812	\$84,673
Intergovernmental	21,548	72,774	94,322
Interest	2,324	1,273	3,597
Other Revenue	138	4,625	4,763
Total Cash Receipts	55,871	131,484	187,355
Cash Disbursements:			
Current:			
General Government	52,859		52,859
Public Safety		9,714	9,714
Public Works		118,978	118,978
Health	2,533		2,533
Capital Outlay		39,351	39,351
Total Cash Disbursements	55,392	168,043	223,435
Total Cash Receipts Over/(Under) Cash Disbursements	479	(36,559)	(36,080)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		37,769	37,769
Sale of Fixed Assets	7,000		7,000
Total Other Financing Receipts/(Disbursements)	7,000	37,769	44,769
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,479	1,210	8,689
Fund Cash Balances, January 1	49,133	114,252	163,385
Fund Cash Balances, December 31	\$ 56,612	\$ 115,462	\$ 172,074

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

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lee Township, Athens 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 and a publicly-elected Clerk. The Township provides general governmental services, including 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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money to provide fire protection to the Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund in 2000:

General Bond (Note) Retirement - This fund receives property tax money to pay off the loan for a tractor purchased.

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 function 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. The Township did not file an appropriation measure for 2000.

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 use the encumbrance method of accounting for 2000.

A summary of 2000 and 1999 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.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ <u>200,156</u>	\$ <u>172,074</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,121	\$ 57,650	\$ 1,529
Special Revenue	148,551	140,320	(8,231)
Debt Service	<u>8,424</u>	<u>8,424</u>	
Total	<u>\$ 213,096</u>	<u>\$ 206,394</u>	<u>\$ (6,702)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 49,607	\$ (49,607)
Special Revenue	0	120,281	(120,281)
Debt Service	<u>0</u>	<u>8,424</u>	<u>(8,424)</u>
Total	<u>\$ 0</u>	<u>\$ 178,312</u>	<u>\$ (178,312)</u>

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,491	\$ 62,871	\$ 9,380
Special Revenue	<u>124,851</u>	<u>169,253</u>	<u>44,402</u>
Total	<u>\$ 178,342</u>	<u>\$ 232,124</u>	<u>\$ 53,782</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,038	\$ 55,392	\$ (354)
Special Revenue	<u>177,483</u>	<u>168,043</u>	<u>9,440</u>
Total	<u>\$ 232,521</u>	<u>\$ 223,435</u>	<u>\$ 9,086</u>

The Township did not adopt an annual appropriation measure for 2000. There was no approval of annual appropriations in the minutes, and there was no record on file with the County Auditor. Therefore, the budgeted amounts in the expenditure journal could not be supported as approved by the Board of Trustees as legal appropriations. As a result, the Township expended money in 2000 without an approved appropriation measure, contrary to Ohio Revised Code. Actual expenditures exceeded appropriations in the General Fund for 1999, contrary to Ohio Revised Code.

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 in 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.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Promissory Note	\$30,761	3.75%
Total	\$30,761	

The Promissory Note was issued to finance the purchase of a Massey Ferguson 4245 Tractor and Alamo AB17 Articulated mower W/60" Rotary Cutter. The note is not collateralized. The original promissory note was for \$37,769 for 5 years with an annual payment of \$8,424.

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

Year ending December 31:	Promissory Note
2001	\$8,424
2002	8,424
2003	8,424
2004	8,424
Total	\$33,696

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and Omissions

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Lee Township
Athens County
1670 Morton Avenue
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statement of Lee Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 21, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 2000-40705-001 through 2000-40705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 judgement, 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 2000-40705-001 through 2000-40705-006.

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. We believe reportable conditions 2000-40705-001 through 2000-40705-006 described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated March 21, 2001.

Lee Township
Athens County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

March 21, 2001

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40705-001

Noncompliance Citation

Ohio Revised Code Section 5705.38 states that on or about the first day of the fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

In 1999, the appropriation measure was not filed until February 13, 1999. An appropriation measure was not filed in 2000.

We recommend the Township file an appropriation measure on or about the first day of the fiscal year for each year.

FINDING NUMBER 2000-40705-002

Ohio Rev. Code Section 5705.39 states that no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

In 2000, the Board of Trustees did not approve an annual appropriation resolution in the minutes or have a copy of the resolution on file. They also did not file an appropriation resolution with the County Auditor, therefore, they did not have a certificate from the County Auditor stating that total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources. Therefore, in 2000, the appropriation amounts listed in the expenditure journal were not effective, resulting in appropriation amounts being zero in all funds and expenditures exceeding appropriations in all funds.

We recommend the Township approve an annual appropriation resolution, keep a copy on file for their records, file a copy with the County Auditor and obtain a certificate from the County Auditor stating that appropriations for each fund do not exceed estimated resources.

FINDING NUMBER 2000-40705-003

Noncompliance Citation

Ohio Revised Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. Transfers may be made by resolution or ordinance from one appropriation item to another.

In 1999, the Township made supplemental amendments that were not approved in the minutes. Accordingly, the Appropriation Authority reported in Footnote 3 to the financial statements does not include these amendments.

We recommend the Township amend appropriations, as necessary, following the same provisions required to make their original appropriations.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-40705-004

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999 actual expenditures exceeded appropriations at the fund level and the legal level of control for the general, gasoline, fire, and the road and bridge funds. There were appropriations entered into the system for 2000, however, the appropriations were not filed with the County Auditor nor approved by the Board in the minutes. This resulted in expenditures exceeded appropriations at the legal level of control for all line items in 2000.

Expenditures exceeded appropriations in 1999 in line items as follows:

Fund	Line Item	Appropriation	Expenditure	Variance
General	1000-110-230-0000	\$ 1,300.00	\$ 1,539.04	\$ (239.04)
General	1000-110-312-0000	\$ 2,700.00	\$ 3,267.85	\$ (567.85)
General	1000-110-599-0000	\$ 950.00	\$ 8,097.91	\$ (7,147.91)
General	1000-120-341-0000	\$ 275.00	\$ 332.03	\$ (57.03)
General	1000-120-353-0000	\$ 750.00	\$ 792.40	\$ (42.40)
General	1000-410-599-0000	\$ 100.00	\$ 140.00	\$ (40.00)
Gas	2021-330-211-0000	\$ 3,809.95	\$ 3,830.39	\$ (20.44)
Road and Bridge	2031-330-430-0000	\$ 10,000.00	\$ 12,589.56	\$ (2,589.56)
Road and Bridge	2031-330-599-0000	\$ 1,265.00	\$ 9,273.21	\$ (8,008.21)
Fire	2191-220-370-0000	\$ 7,302.58	\$ 7,864.81	\$ (562.23)

In 2000, the appropriation amounts listed in the expenditure journal were not effective, resulting in appropriation amounts being zero in all funds and expenditures exceeding appropriations in all funds.

We recommend the Township approve appropriation measures and supplemental appropriations as needed. We also recommend the Township monitor budget versus actual expenditures and take necessary actions to prevent expenditures from exceeding appropriations at the legal level of control. Expenditures should not be made without the necessary appropriations.

LEE TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-40705-005

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states that no subdivision or taxing unit shall make any expenditure or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract had been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances.

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

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority. [Section 5705.41(D)].

Of the transactions tested, 45% of the expenditures had invoice dates preceding the certification dates. This could lead to obligations being entered into when there is not sufficient funds available to cover the transaction.

We recommend the Township certify the availability of funds prior to ordering goods or services.

FINDING NUMBER 2000-40705-006

Reportable Condition - Budgetary Reporting

The Township did not have control procedures in place to ensure that budgetary reports and financial statements accurately reflected the amounts of budgeted revenues, adopted by the Board of Trustees and certified to the County Budget Commission.

This resulted in audit adjustments to the comparison of Budgeted and Actual Receipts financial statements for various over/ understatements. This could also result in the Township officials having insufficient or inaccurate information to make management decisions that affect the financial position of the Township. Note 3 reflects the adjusted Budgeted and Actual Receipts.

We recommend the Township officials take the necessary steps to implement procedures to ensure the required budgetary forms are accurately completed, presented and adopted by the Board of Trustees; filed with the County Budget Commission; and the budgetary reports and financial statements accurately reflect budgeted information in order to make informed financial decisions.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LEE TOWNSHIP

ATHENS 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
MAY 17, 2001**