
**SOMERFORD TOWNSHIP
MADISON COUNTY**

**REGULAR AUDIT
YEARS ENDED DECEMBER 31, 2004 & 2003**

Whited Seigneur Sams & Rabe, LLP

CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828
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**Auditor of State
Betty Montgomery**

Board of Trustees
Somerset Township, Madison County
P.O. Box 861
London, OH 43140

We have reviewed the *Report of Independent Auditor* of Somerset Township, Madison County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Auditor* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Auditor* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Somerset Township, Madison County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

September 27, 2005

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**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO**

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August 29, 2005

Somerford Township
Madison County
P.O. Box 861
London, OH 43140

Report of Independent Auditor

We have audited the accompanying financial statements of Somerford Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004 and 2003, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Somerford Township, Madison County as of December 31, 2004 and 2003 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 a report dated August 29, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

**Memorandum
Only**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
CASH RECEIPTS			
Local Taxes	\$ 106,714	\$ 74,174	\$ 180,888
Intergovernmental Receipts	75,128	104,700	179,828
Licenses, Permits and Fees	3,099	14,990	18,089
Interest	803	347	1,150
Other Revenue	<u>474</u>	<u>2,868</u>	<u>3,342</u>
TOTAL CASH RECEIPTS	186,218	197,079	383,297
CASH DISBURSEMENTS			
Current:			
General Government	121,059	6,222	127,281
Public Safety	0	92,651	92,651
Public Works	974	46,134	47,108
Health	22,511	40,749	63,260
Capital Outlay	500	10,977	11,477
Debt Service:			
Redemption of Principal	16,496	0	16,496
Interest and Fiscal Charges	<u>1,907</u>	<u>0</u>	<u>1,907</u>
TOTAL CASH DISBURSEMENTS	<u>163,447</u>	<u>196,733</u>	<u>360,180</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	22,771	346	23,117
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Other Financing Sources	360	0	360
Other Financing Uses	<u>(180)</u>	<u>0</u>	<u>(180)</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>180</u>	<u>0</u>	<u>180</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	22,951	346	23,297
Fund Cash Balances, January 1, 2004	<u>129,191</u>	<u>119,056</u>	<u>248,247</u>
Fund Cash Balances, December 31, 2004	<u>\$ 152,142</u>	<u>\$ 119,402</u>	<u>\$ 271,544</u>
Reserve for Encumbrances December 31, 2004	<u>\$ 910</u>	<u>\$ 312</u>	<u>\$ 1,222</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Nonexpendable <u>Trust</u>
OPERATING CASH RECEIPTS	
Interest	\$ <u>0</u>
TOTAL OPERATING CASH RECEIPTS	<u>0</u>
OPERATING CASH DISBURSEMENTS	
Purchased Services	<u>0</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>0</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	0
Fund Cash Balance, January 1, 2004	<u>1,860</u>
Fund Cash Balance, December 31, 2004	<u><u>\$ 1,860</u></u>

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO**

**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>Memorandum Only</u>
CASH RECEIPTS	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Local Taxes	\$ 104,918	\$ 74,080	\$ 178,998
Intergovernmental Receipts	66,460	89,660	156,120
Licenses, Permits and Fees	0	19,584	19,584
Interest	1,606	628	2,234
Other Revenue	<u>3,125</u>	<u>17,035</u>	<u>20,160</u>
TOTAL CASH RECEIPTS	176,109	200,987	377,096
CASH DISBURSEMENTS			
Current:			
General Government	123,484	1,491	124,975
Public Safety	0	84,671	84,671
Public Works	1,150	74,800	75,950
Health	12,868	30,434	43,302
Capital Outlay	65,132	23,535	88,667
Debt Service:			
Redemption of Principal	5,207	10,458	15,665
Interest and Fiscal Charges	<u>1,196</u>	<u>1,542</u>	<u>2,738</u>
TOTAL CASH DISBURSEMENTS	<u>209,037</u>	<u>226,931</u>	<u>435,968</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	(32,928)	(25,944)	(58,872)
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Other Financing Uses	<u>(360)</u>	<u>0</u>	<u>(360)</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>(360)</u>	<u>0</u>	<u>(360)</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	(33,288)	(25,944)	(59,232)
Fund Cash Balances, January 1, 2003	<u>162,479</u>	<u>145,000</u>	<u>307,479</u>
Fund Cash Balances, December 31, 2003	<u>\$ 129,191</u>	<u>\$ 119,056</u>	<u>\$ 248,247</u>
Reserves for Encumbrances December 31, 2003	<u>\$ 1,195</u>	<u>\$ 6,192</u>	<u>\$ 7,387</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Nonexpendable <u>Trust</u>
OPERATING CASH RECEIPTS	
Interest	\$ <u>0</u>
TOTAL OPERATING CASH RECEIPTS	<u>0</u>
OPERATING CASH DISBURSEMENTS	
Supplies & Materials	<u>0</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>0</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	0
Fund Cash Balance, January 1, 2003	<u>1,860</u>
Fund Cash Balance, December 31, 2003	<u><u>\$ 1,860</u></u>

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

Somerford Township, Madison County, Ohio (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 general governmental services including road and bridge maintenance and cemetery maintenance. The Township contracts with Central Township Fire Department and Village of Mechanicsburg Fire Department to provide fire protection and emergency medical services, respectively.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

- **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.

- **Cash and Investments**

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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

- **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:

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

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

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Fund Accounting (Continued)**

Fire District Fund - This fund receives money from property taxes for purchasing fire equipment and vehicles and providing emergency fire services.

- **Fiduciary Fund (Trust Fund)** - This fund is used to account for resources restricted by legally binding trust agreement. The Township had the following fiduciary fund:

Cemetery Bequest Funds (Non-Expendable Trust) - This fund receives restricted donations. Interest earned may be used to maintain graves in the cemetery.

• **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. Unencumbered appropriations lapse at year-end.
- **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.
- **Encumbrances** - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

• **Property, Plant and Equipment**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2004	2003
Demand deposits	\$ 258,466	\$ 235,234
Certificates of Deposit	14,604	14,543
Total Deposits	273,070	249,777
STAR Ohio	334	330
Total Investments	334	330
Total Deposits and Investments	\$ 273,404	\$ 250,107

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 were as follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted	Actual	Variance
General	\$ 104,706	\$ 186,578	\$ 81,872
Special Revenue	171,671	197,079	25,408
Non-Expendable Trust	0	0	0
TOTAL	\$ 276,377	\$ 383,657	\$ 107,280

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 236,195	\$ 164,537	\$ 71,658
Special Revenue	267,692	197,045	70,647
Non-Expendable Trust	0	0	0
TOTAL	\$ 503,887	\$ 361,582	\$ 142,305

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted	Actual	Variance
General	\$ 116,247	\$ 176,109	\$ 59,862
Special Revenue	167,268	200,987	33,719
Non-Expendable Trust	12	0	(12)
TOTAL	\$ 283,527	\$ 377,096	\$ 93,569

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 295,500	\$ 210,232	\$ 85,268
Special Revenue	286,568	233,123	53,445
Non-Expendable Trust	<u>12</u>	<u>0</u>	<u>12</u>
TOTAL	<u>\$ 582,080</u>	<u>\$ 443,355</u>	<u>\$ 138,725</u>

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Land Contract	\$ 2,941	7.00%
Total	<u>\$ 2,941</u>	

The land contract for the purchase of the township building was entered into in 1996. Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31</u>	<u>Land Contract</u>
2005	\$ 3,002

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

6. LEASE PURCHASE DISCLOSURE

In 2001 the Township leased an International Truck with Dump body for the purpose of maintenance of Township roads in the amount of \$62,000. The Township entered into a lease purchase agreement with the Municipal Services Group Inc. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2004.

	Dump Truck Lease
Year ending December 31:	
2005	\$ 12,400
2006	<u>12,400</u>
Total minimum lease payments	24,800
Less: amount representing interest	<u>(1,954)</u>
Present value of minimum lease Payments.	<u>\$ 22,846</u>

7. RETIREMENT SYSTEMS

All 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 post-retirement 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 2004 and 2003, 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, 2004.

8. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2722.081 of the Ohio Rev. Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

8. RISK MANAGEMENT (Continued)

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health, vision, dental and life insurance coverage to the elected officials and full-time employees through a private carrier.

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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August 29, 2005

Somerford Township
Madison County
P.O. Box 861
London, OH 43140

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

We have audited the accompanying financial statements of Somerford Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 29, 2005 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 caused by error or fraud 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 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 August 29, 2005

Compliance and Other Matters

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 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* listed as item 2004-001. Also, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 29, 2005.

This report is intended for the information and use of management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding Number 2004-001

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees. In April of 2003, this amount was increased to three thousand dollars.

Twenty – one out of Sixty transactions tested were not certified by the fiscal officer prior to the commitment being incurred, nor were they certified using a “then and now” certification.

We recommend the Township certify that funds are available prior to incurring the expenditure or utilize the “then and now” certificates.

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number 2003-001

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees. In April of 2003, this amount was increased to three thousand dollars.

Sixty – three percent of the transactions tested were not certified by the fiscal officer prior to the commitment being incurred, nor were they certified using a "then and now" certification.

We recommend the Township certify that funds are available prior to incurring the expenditure or utilize the "then and now" certificates.

Status – Uncorrected. Refer to Finding Number 2004-001.



**Auditor of State
Betty Montgomery**

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SOMERFIELD TOWNSHIP

MADISON 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
OCTOBER 6, 2005**