



**Auditor of State  
Betty Montgomery**



**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

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**Auditor of State  
Betty Montgomery**

Waterford Township  
Washington County  
P.O. Box 146  
Waterford, Ohio 45786-0146

To the Board of Trustees:

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

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

**Betty Montgomery**  
Auditor of State

August 9, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Waterford Township  
Washington County  
P.O. Box 146  
Waterford, Ohio 45786-0146

To the Board of Trustees:

We have audited the accompanying financial statements of Waterford Township, Washington 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined fund the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reflected are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004 does 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, or its changes in financial position for the year 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 Waterford Township, Washington County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

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



**Betty Montgomery**  
Auditor of State

August 9, 2005

WATERFORD TOWNSHIP  
WASHINGTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Nonexpendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$ 79,349	\$ 324,642	\$	\$	\$ 403,991
Intergovernmental	108,797	343,853			452,650
Special Assessments		6,513			6,513
Charges for Services		13,875			13,875
Licenses, Permits, and Fees	450				450
Earnings on Investments	1,214	393		31	1,638
Other Revenue	575	34,134			34,709
	<u>190,385</u>	<u>723,410</u>	<u>0</u>	<u>31</u>	<u>913,826</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	93,916				93,916
Public Safety		180,152			180,152
Public Works	42,163	385,215			427,378
Health	28,053	20,165			48,218
Human Services		6,211			6,211
Debt Service:					
Redemption of Principal		53,079			53,079
Interest and Fiscal Charges		2,234			2,234
Capital Outlay	95	178,871			178,966
	<u>164,227</u>	<u>825,927</u>	<u>0</u>	<u>0</u>	<u>990,154</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>26,158</u>	<u>(102,517)</u>	<u>0</u>	<u>31</u>	<u>(76,328)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Loan		34,524			34,524
Advances-In	9,000	18,000			27,000
Advances-Out	(15,000)	(12,000)			(27,000)
	<u>(6,000)</u>	<u>40,524</u>	<u>0</u>	<u>0</u>	<u>34,524</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,158	(61,993)	0	31	(41,804)
Fund Cash Balances, January 1	51,936	237,063	15,173	5,627	309,799
<b>Fund Cash Balances, December 31</b>	<u>\$ 72,094</u>	<u>\$ 175,070</u>	<u>\$ 15,173</u>	<u>\$ 5,658</u>	<u>\$ 267,995</u>
Reserve for Encumbrances, December 31	<u>\$ 413</u>	<u>\$ 4,316</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,729</u>

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

WATERFORD TOWNSHIP  
WASHINGTON 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**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Nonexpendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$ 33,148	\$ 321,003	\$	\$	\$ 354,151
Intergovernmental	56,856	243,030			299,886
Special Assessments		5,783			5,783
Charges for Services		1,350			1,350
Licenses, Permits, and Fees	300				300
Earnings on Investments	2,755	913		71	3,739
Other Revenue	36,795	29,478			66,273
<b>Total Cash Receipts</b>	<b>129,854</b>	<b>601,557</b>	<b>0</b>	<b>71</b>	<b>731,482</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	66,588				66,588
Public Safety		192,800			192,800
Public Works	1,506	374,932			376,438
Health	28,557				28,557
Debt Service:					
Interest and Fiscal Charges		407			407
Capital Outlay	145	116,531			116,676
<b>Total Cash Disbursements</b>	<b>96,796</b>	<b>684,670</b>	<b>0</b>	<b>0</b>	<b>781,466</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>33,058</b>	<b>(83,113)</b>	<b>0</b>	<b>71</b>	<b>(49,984)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Loan		55,064			55,064
Advances-In		16,170			16,170
Advances-Out	(7,500)	(8,670)			(16,170)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(7,500)</b>	<b>62,564</b>	<b>0</b>	<b>0</b>	<b>55,064</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	25,558	(20,549)	0	71	5,080
Fund Cash Balances, January 1	26,378	257,612	15,173	5,556	304,719
<b>Fund Cash Balances, December 31</b>	<b>\$ 51,936</b>	<b>\$ 237,063</b>	<b>\$ 15,173</b>	<b>\$ 5,627</b>	<b>\$ 309,799</b>
Reserve for Encumbrances, December 31	\$ 396	\$ 4,147	\$	\$	\$ 4,543

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

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Waterford Township, Washington County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

The Township Clerk deposits all available funds of the Township in an interest-bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

These funds account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following significant Fiduciary Funds:

Cemetery Bequest Funds – The Township had five cemetery bequest funds classified as Nonexpendable Trust Funds. These funds received interest earned on the principal invested in the Township's interest-bearing checking account.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

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

**F. Property, Plant, and Equipment**

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

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2004	2003
Demand deposits	\$ 267,995	\$ 309,799

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township

**3. BUDGETARY ACTIVITY**

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

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 133,339	\$ 190,385	\$ 57,046
Special Revenue	709,598	757,934	48,336
Capital Projects	0	0	0
Fiduciary	31	31	0
Total	\$ 842,968	\$ 948,350	\$ 105,382

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 130,514	\$ 164,640	\$ (34,126)
Special Revenue	822,991	830,243	(7,252)
Capital Projects	15,173	0	15,173
Fiduciary	5,701	0	5,701
Total	\$ 974,379	\$ 994,883	\$ (20,504)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 129,438	\$ 129,854	\$ 416
Special Revenue	703,055	656,621	(46,434)
Capital Projects	0	0	0
Fiduciary	134	71	(63)
Total	\$ 832,627	\$ 786,546	\$ (46,081)

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 114,735	\$ 97,192	\$ 17,543
Special Revenue	750,463	688,817	61,646
Capital Projects	15,173	0	15,173
Fiduciary	5,655	0	5,655
Total	\$ 886,026	\$ 786,009	\$ 100,017

The Township did not budget for advances; therefore, advances are not included in actual receipts and budgetary expenditures on these tables.

Contrary to Ohio law, expenditures exceeded appropriations in the General, Cemetery, Fire, Special Fire and Ambulance Levy and Permissive Sales Tax Funds for 2004 and in the Fire, Special Fire and Ambulance Levy and Permissive Sales Tax Funds for 2003.

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

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

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Promissory Note	\$ 36,709	3.033%

The Township issued a promissory note in 2003 for \$55,064 for the purchase of an emergency squad. The note is backed by the full faith and credit of the Township.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	Promissory Note
2005	\$ 19,318
2006	18,768
Total	<u>\$ 38,086</u>

**6. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**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 townships. 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. Townships 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 in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. 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.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Financial Position

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

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$ 17,046,241</u>	<u>\$ 16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

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



**Auditor of State  
Betty Montgomery**

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

Waterford Township  
Washington County  
P.O. Box 146  
Waterford, Ohio 45786-0146

To the Board of Trustees:

We have audited the financial statements of Waterford Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 9, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the Township's management dated August 9, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
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Waterford Township  
Washington County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-013. In a separate letter to the Township's management dated August 9, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for 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 9, 2005

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Finding for Recovery – Repaid Under Audit**

Auditor of State Bulletin 2003-005 states that government entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin addresses the requirements necessary to ensure that an entity's expenditure of public funds is for a proper public purpose.

Ohio Attorney General Opinion 82-006 addressed the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case of State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides guidance as to what may be construed as a public purpose. The Court determined that there are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. Second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. The determination of what constitutes a public purpose is primarily a legislative function. As such, the decision to expend public funds "...must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only." (1982 Op. Atty. Gen. No. 82-006).

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 57; 1980 Op. Atty. Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State ex. rel. Village of Lindale v. Masten* (1985) 18 Ohio St. 3d 228.

During 2003, two child-care providers were paid for child-care services while emergency medical technicians went on runs for the Township. These two providers were paid a total of \$649.50 and \$63.00, respectively. However, there was neither a Township policy nor resolution reflecting authority for these expenditures. These expenditures do not appear to be for a proper public purpose of the Township.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, Bessie F. Sparling, Township Trustee, Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$712.50, in favor of the Ambulance Fund (\$168.00) and the Special Fire and Ambulance Levy Fund (\$544.50) of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-002**

**Finding for Recovery**

The Township had a vacation leave policy that permitted payment of unused vacation pay to an employee's beneficiary in the event of the death of the employee while still employed by the Township.

Marlin Kelby, Township employee, died during 2004. Consequently, the Township paid his stated beneficiary, his wife, Lorraine Kelby, \$860.00 for two weeks of vacation (80 hours x \$10.75 per hour earned by Mr. Kelby during his employment) that would have been due her husband in 2004. However, Mr. Kelby's vacation balance at the time of his death was 49.26 hours. The payout for the unused vacation should have been limited to the balance at the time of death, \$529.55 (49.26 hours x \$10.75 per hour earned by Mr. Kelby during his employment), instead of the \$860.00 paid to his wife. This resulted in an overpayment of \$330.45.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Lorraine Kelby, and James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, Bessie F. Sparling, Township Trustee, Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$330.45, in favor of the Road and Bridge Fund of Waterford Township.

**FINDING NUMBER 2004-003**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for Carolyn S. Huck Offenberger, Township Clerk. In addition, the Township reimbursed Ms. Offenberger for co-payments and out-of-pocket medical expenses during 2003 and 2004 that totaled \$167.94. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Carolyn S. Huck Offenberger, Township Clerk and James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Bessie F. Sparling, Township Trustee, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$167.94, in favor of the General Fund of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-004**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for Bessie F. Starling, Township Trustee. In addition, the Township reimbursed Ms. Starling for out-of-pocket medical expenses during 2003 and 2004 that totaled \$384.59. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Bessie F. Starling, Township Trustee and James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$384.59, in favor of the General Fund of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**FINDING NUMBER 2004-005**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for James Randall Harper, Township Trustee. In addition, the Township reimbursed Mr. Harper for co-payments and out-of-pocket medical expenses during 2003 that totaled \$469.00. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-005 (Continued)**

**Finding for Recovery – Repaid Under Audit (Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$469.00, in favor of the General Fund of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**FINDING NUMBER 2004-006**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for Jeffrey Babcock, Township employee. In addition, the Township reimbursed Mr. Babcock for co-payments and out-of-pocket medical expenses during 2003 that totaled \$518.00. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jeffrey Babcock, Township employee, and James Randall Harper, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$518.00, in favor of the Road and Bridge Fund (\$75.00) and the Ambulance Fund (\$443.00) of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**FINDING NUMBER 2004-007**

**Finding for Recovery**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-007 (Continued)**

**Finding for Recovery (Continued)**

The Township provided and paid for medical insurance for Marlin Kelby, former Township employee (now deceased). In addition, the Township reimbursed Mr. Kelby for co-payments and out-of-pocket medical expenses during 2003 that totaled \$673.35. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the estate of Marlin Kelby, former Township employee, and James Randall Harper, Township Trustee, Bessie F. Starling, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$673.35, in favor of the General Fund (\$483.27) and the Road and Bridge Fund (\$190.08) of Waterford Township.

**FINDING NUMBER 2004-008**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for Ronald McCutcheon, Township employee. In addition, the Township reimbursed Mr. McCutcheon for co-payments and out-of-pocket medical expenses during 2003 that totaled \$65.35. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Ronald McCutcheon, Township employee, and James Randall Harper, Township Trustee, Bessie F. Starling, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$65.35, in favor of the General Fund of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-009**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 505.60(A) provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code Section 505.60(F)(2) states that premiums do not include any deductible or health care costs paid directly by a township officer or employee.

The Township provided and paid for medical insurance for Timothy Reed, Township employee. In addition, the Township reimbursed Mr. Reed for co-payments and out-of-pocket medical expenses during 2003 and 2004 that totaled \$1,078.00. Since the Township adopted a group health plan for health insurance as authorized under Ohio Rev. Code Section 505.60, reimbursement of out-of-pocket medical expenses is not permissible.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Timothy Reed, Township employee, and James Randall Harper, Township Trustee, Bessie F. Starling, Township Trustee, Matthew P. Cavanaugh, Township Trustee, and Carolyn S. Huck Offenberger, Township Clerk, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$1,078.00, in favor of the General Fund (\$638.00), the Gasoline Tax Fund (\$60.00), and the Road and Bridge Fund (\$380.00) of Waterford Township.

This Finding for Recovery was repaid in full on October 7, 2005.

**FINDING NUMBER 2004-010**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24(C) requires trustees' salaries to be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. A board of township trustees may adopt by resolution either a salary method of compensation or a per diem method of compensation. The resolution should allocate the salaries based on the types of services provided by the Trustees. If a salary method of compensation is adopted by resolution, Ohio Rev. Code Section 505.24(C) requires that it consist of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division.

During our audit, we noted the Board of Trustees was paid a combined total of \$27,248 in 2003. During 2003, the Trustees were paid solely from the Road and Bridge Fund. However, in a resolution adopted July 3, 2003, the Board of Trustees indicated that 1% would be paid from the General Fund and 99% from the Road and Bridge Fund.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-010 (Continued)**

**Finding for Adjustment (Continued)**

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund, in favor of the Road and Bridge Fund, in the amount of \$272.48 for 2003. This adjustment, representing 1% of the Trustees' salaries in 2003, has been agreed to by management of the Township and is reflected in the accompanying financial statements. This adjustment was made on the Township records on October 3, 2005.

We recommend the Township annually adopt a resolution specifying how Trustees' salaries will be allocated. Each resolution should address the appropriate proportions and funds from which all salaries and fringe benefits are to be paid. Benefits such as health insurance and the employer's portion of retirement and Medicare should be paid out of the same funds, and in the same proportions, as the salaries.

**FINDING NUMBER 2004-011**

**Finding for Adjustment**

Ohio Rev. Code Section 5705.10 provides that all revenue derived from levies for debt charges on bonds, notes or certificates of indebtedness must be paid into a fund for that purpose. It also provides that money paid into a fund shall be used only for the purpose for which such fund was established. Money in a fund may be used to pay debt charges provided the payment of such debt charges is consistent with the purpose for which the fund was established.

During 2004, the Township made an interest payment of \$412.32 related to debt for an emergency squad out of the Cemetery Fund. This payment should have been made from the Special Fire and Ambulance Levy Fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Special Fire and Ambulance Levy Fund, in favor of the Cemetery Fund, in the amount of \$412.32 for 2004. This adjustment has been agreed to by management of the Township and is reflected in the accompanying financial statements. This adjustment was made on the Township's records on October 3, 2005.

We recommend the Township only pay debt out of the proper funds.

**FINDING NUMBER 2004-012**

**Noncompliance Citation**

Ohio Rev. Code Section 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.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-012 (Continued)**

**Noncompliance Citation (Continued)**

Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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.

- a) "Then and Now" Certificate – If the fiscal officer 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 Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to 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 Board of Trustees.

- b) Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months). 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.
- c) 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.

Thirty-seven percent of the non-payroll transactions tested in 2003 and 2004 were not properly encumbered, and none of the above exceptions were noted. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

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 Clerk certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certifications should be used.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-012 (Continued)**

**Noncompliance Citation (Continued)**

Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Township officials and employees obtain the Clerk's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Clerk should sign the certification at the time a commitment is incurred, and only when the requirements of Section 5705.41(D) are satisfied. The Clerk should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**FINDING NUMBER 2004-013**

**Noncompliance Citation**

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

Actual disbursements exceeded appropriations for the year ended December 31, 2004 at the fund level as follows:

Fund	Appropriation Authority	Actual Expenditures	Variance
General	\$ 130,514	\$ 164,640	\$ (34,126)
Cemetery	13,068	20,165	(7,097)
Fire	30,842	31,990	(1,148)
Special Fire and Ambulance Levy	43,116	43,174	(58)
Permissive Sales Tax	64,003	100,190	(36,187)

Actual disbursements exceeded appropriations for the year ended December 31, 2003 at the fund level as follows:

Fund	Appropriation Authority	Actual Expenditures	Variance
Fire	\$ 25,205	\$ 35,303	\$ (10,098)
Special Fire and Ambulance Levy	33,854	43,199	(9,345)
Permissive Sales Tax	0	22,387	(22,387)

Additionally, at both December 31, 2004 and 2003, numerous appropriation line items (the legal level of control) General, Road and Bridge, Motor Vehicle License Tax, Gasoline Tax, Fire, Cemetery, Ambulance, Squad Equipment and Special Fire and Ambulance Levy Funds had expenditures that exceeded appropriations.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-013 (Continued)**

**Noncompliance Citation (Continued)**

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

This could result in the Township spending more money than is available to spend.

The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**WATERFORD TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D), for failure to properly certify the availability of funds prior to an obligation being incurred.	No	Not corrected:  This item is repeated in the current audit Schedule of Findings as item 2004-014.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WATERFORD TOWNSHIP**

**WASHINGTON 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 10, 2005**