



**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Whitewater Township  
Hamilton County  
6101 Dry Fork Road  
P.O. Box 554  
Miamitown, Ohio 45041

To the Board of Trustees:

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

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 the Township 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 on October 26, 2001 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.

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

**Jim Petro**  
Auditor of State

October 26, 2001

WHITEWATER TOWNSHIP  
HAMILTON COUNTY

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$305,095	\$533,047		\$838,142
Intergovernmental	116,391	138,444		254,835
Charges for Services		600		600
Earnings on Investments	9,801	21,753		31,554
Other Revenue	<u>90,396</u>	<u>26,112</u>		<u>116,508</u>
 Total Cash Receipts	 <u>521,683</u>	 <u>719,956</u>	 <u>0</u>	 <u>1,241,639</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	448,405		212	448,617
Public Safety		471,417		471,417
Public Works	11,605	18,198		29,803
Health	5,241	120		5,361
Debt Service:				
Redemption of Principal		13,900		13,900
Interest and Fiscal Charges		7,188		7,188
Capital Outlay	<u>79,332</u>	<u>92,274</u>		<u>171,606</u>
 Total Cash Disbursements	 <u>544,583</u>	 <u>603,097</u>	 <u>212</u>	 <u>1,147,892</u>
 Total Receipts Over/(Under) Disbursements	 <u>(22,900)</u>	 <u>116,859</u>	 <u>(212)</u>	 <u>93,747</u>
 Fund Cash Balances, January 1	 <u>123,701</u>	 <u>681,168</u>	 <u>212</u>	 <u>805,081</u>
 <b>Fund Cash Balances, December 31</b>	 <b><u>\$100,801</u></b>	 <b><u>\$798,027</u></b>	 <b><u>\$0</u></b>	 <b><u>\$898,828</u></b>
 Reserve for Encumbrances, December 31	 <u>\$3,038</u>	 <u>\$21,781</u>	 <u>\$0</u>	 <u>\$24,819</u>

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

WHITEWATER TOWNSHIP  
HAMILTON COUNTY

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$264,140	\$516,465			\$780,605
Intergovernmental	188,077	260,910	\$279,888		728,875
Charges for Services		750			750
Licenses, Permits, and Fees	138				138
Earnings on Investments	5,565	22,296			27,861
Other Revenue	123,671	11,476			135,147
	<u>581,591</u>	<u>811,897</u>	<u>279,888</u>	<u>0</u>	<u>1,673,376</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	393,724				393,724
Public Safety		392,890			392,890
Public Works	16,101	90,573			106,674
Health	4,903	50			4,953
Debt Service:					
Redemption of Principal	60,000	150,000			210,000
Interest and Fiscal Charges	1,180	2,979			4,159
Capital Outlay	239,833	240,780	279,888		760,501
	<u>715,741</u>	<u>877,272</u>	<u>279,888</u>	<u>0</u>	<u>1,872,901</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>(134,150)</u>	<u>(65,375)</u>	<u>0</u>	<u>0</u>	<u>(199,525)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	60,000	125,000			185,000
	<u>60,000</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>185,000</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(74,150)	59,625	0		(14,525)
Fund Cash Balances, January 1	197,851	621,543	0	212	819,606
<b>Fund Cash Balances, December 31</b>	<b><u>\$123,701</u></b>	<b><u>\$681,168</u></b>	<b><u>\$0</u></b>	<b><u>\$212</u></b>	<b><u>\$805,081</u></b>
Reserve for Encumbrances, December 31	<u>\$9,468</u>	<u>\$10,262</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,730</u>

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



**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Whitewater Township, Hamilton 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, cemetery maintenance, fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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 Fund:

Fire District Fund - This fund receives property tax money, which is used to pay for fire protection within the Township

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

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

**3. Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

FEMA grant- The Township received a Hazard Mitigation grant which was used to purchase land within the Township.

**4. Fiduciary Fund (Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Expendable Trust Fund - This fund receives donations and is used for recreational and leisure time activities.

**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. However, all material encumbrances outstanding at December 31, 2000 and 1999 are disclosed on the financial statements.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

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

**F. Property, Plant and Equipment**

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

**G. 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 basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a pool of deposits and investments 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	298,631	241,430
Money Market deposits	<u>348,568</u>	<u>335,083</u>
Total deposits	647,199	576,513
Investments:		
STAROhio	<u>251,629</u>	<u>228,568</u>
Total investments	<u>251,629</u>	<u>228,568</u>
Total deposits and investments	<u><u>\$898,828</u></u>	<u><u>\$805,081</u></u>

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

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$650,000	\$521,683	(\$128,317)
Special Revenue	689,599	719,956	30,357
Capital Project	0	0	0
Expendable Trust	0	0	0
Total	\$1,339,599	\$1,241,639	(\$97,960)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$818,468	\$547,621	\$270,847
Special Revenue	1,345,147	624,878	720,269
Capital Project	0	0	0
Expendable Trust	212	212	0
Total	\$2,163,827	\$1,172,711	\$991,116

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$526,913	\$641,591	\$114,678
Special Revenue	1,161,677	936,897	(224,780)
Capital Project	0	279,888	279,888
Expendable Trust	0	0	0
Total	\$1,688,590	\$1,858,376	\$169,786

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$827,878	\$725,209	\$102,669
Special Revenue	1,750,723	887,534	863,189
Capital Project	0	279,888	(279,888)
Non-Expendable Trust	212	0	212
Total	\$2,578,813	\$1,892,631	\$686,182

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, at December 31, 1999, the General fund had total appropriations in excess of total estimated resources by \$119,500.

Contrary to Ohio law, at December 31, 1999, the Other Special Revenue and the FEMA grant funds had total expenditures which exceeded total appropriations by \$112,500 and \$279,888, respectively.

The Township did not record the receipt or appropriate grant funds received from FEMA during fiscal year 1999, which is contrary to Ohio Law.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Land Acquisition Bond Anticipation Notes	\$111,100	5.75%

The Township issued \$125,000 of bond anticipation notes in June 1999, for the purchase of land, and improvement to the Fire Department. The notes will be repaid in yearly installments of \$13,900, with interest, over a nine year period, maturing in June 2008. The Bond Anticipation Notes are direct obligations and pledge the full faith and credit of the government.

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

Year ending December 31:	Bond Anticipation Note
2001	\$20,288
2002	19,489
2003	18,690
2004	17,791
2005	17,097
2006-2008	46,495
Total	\$139,850

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

**6. LEASE COMMITMENTS**

The significant leases outstanding at December 31, 2000 were as follows:

	Principal	Interest Rate
Fire Equipment Lease - Fire Truck	\$91,375	5.82%
Fire Equipment Lease - Squad Car	62,282	9.20%
Fire Equipment Lease - Water Truck	47,807	8.60%
Fire Equipment Lease - Pick-Up Truck	15,167	6.50%
Fire Equipment Lease - Ford Explorer	<u>13,937</u>	6.50%
Total	<u>\$230,568</u>	

In 1997, the Township entered into a lease agreement with Emergency One, Inc. to finance the purchase of a fire truck. The lease will be repaid in annual installment of \$18,477, including interest, over nine years, maturing in 2006.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a squad car for the Fire Department. The lease will be repaid in annual installment of \$17,120, including interest, over seven years, maturing in 2004.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a water truck for the Fire Department. The lease will be repaid in annual installment of \$14,704, including interest, over seven years, maturing in 2004.

In 1998, the Township entered into a lease agreement with Firststar Bank, Inc. to finance the purchase of a pick-up truck for the Fire Department. The lease will be repaid in annual installment of \$6,366, including interest, over six years, maturing in 2003.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a Ford Explorer for the Fire Department. The lease will be repaid in annual installment of \$5,850, including interest, over six years, maturing in 2003.

Year ending December 31:	Fire Truck	Fire Squad	Water Truck	Pick-Up Truck	Ford Explorer
2001	\$ 18,477	\$ 17,120	\$ 14,704	\$ 6,366	\$ 5,850
2002	18,477	17,120	14,704	6,366	5,850
2003	18,477	17,120	14,704	3,183	2,925
2004	18,477	17,120	7,352	0	0
2005	18,477	0	0	0	0
Subsequent	<u>18,477</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 110,682</u>	<u>\$ 68,480</u>	<u>\$ 51,464</u>	<u>\$ 15,915</u>	<u>\$ 14,625</u>

**WHITEWATER TOWNSHIP  
HAMILTON COUNTY**

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

**7. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. 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. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Government 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 2744.081 of the Ohio Revised 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 judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

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.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$100,000.

Property coverage contracts protect against losses, subject to a deductible of \$500 per occurrence, limited to an annual aggregate loss of the greater of \$1,000,000.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Whitewater Township  
Hamilton County  
6101 Dry Fork Road  
P.O. Box 554  
Miami town, Ohio 45041

To the Board of Trustees:

We have audited the accompanying financial statements of Whitewater Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 2000-40431-001 through 2000-40431-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 26, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention related 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. The reportable conditions are described in the accompanying schedule of findings as items 2000-40431-003 and 2000-40431-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-40431-005 to be a material weakness.

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 management of the Township in a separate letter dated October 26, 2001.

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

October 26, 2001

**WHITEWATER TOWNSHIP  
HAMILTON 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 2000-40431-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund shall not exceed the total estimated revenue as certified by the budget commission. At December 31, 2000, the General Fund had estimated revenue of \$809,000 and appropriations of \$808,895 which resulted in a variance of \$105. At December 31, 1999, the General Fund had estimated revenue of \$708,378 and appropriations of \$827,878 which resulted in a variance of \$119,500.

The amount of estimated receipts certified by the County Auditor on the Certificate of Estimated Resources were not recorded in the Township's receipts ledger. To better monitor compliance with budgetary requirements, it is recommended that the Clerk post all official budgetary documents to the accounting system as they are approved.

**FINDING NUMBER 2000-40431-002**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 1999, the total expenditures exceeded the total appropriation in the following funds:

Fund	<u>Appropriations</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
Other Special Revenue	\$0	\$112,500	(\$112,500)
FEMA Grant	\$0	\$279,888	(\$279,888)

This did not result in a negative cash fund balance for any of the funds listed above.

**FINDING NUMBER 2000-40431-003**

**Noncompliance Citation/Reportable Condition**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate needs be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2000-40431-003**  
**(Continued)**

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates- 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 Board of Trustees 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.
2. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Contrary to the above requirements, the Township failed to obtain the certification of the availability of funds from the Clerk prior to the invoice date for 100% of expenditures tested, and neither of the two exceptions provided above were utilized.

The purchasing process should be initiated with a complete and signed purchase order prior to the ordering of goods and services. The department supervisors or other authorized personnel should complete and submit to the clerk the required purchase requisition. The clerk should then review the purchase requisition and prepare a purchase order, certifying that the funds are available to purchase the goods and/or services, and that the purchase is valid and for a proper public purpose.

The Township did not maintain a list of encumbrances outstanding at December 31, 2000 and 1999. Failure to record and monitor encumbrances outstanding at year end could result in inaccurate certification of available fund balances and increase the risk of potential deficit fund balances if the amount of outstanding encumbrances is significant. The Township should record and monitor all fiscal activity to assist in accurate reporting of the Township's financial and budgetary activity.

**FINDING NUMBER 2000-40431-004**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.09(F) requires the Township to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Township appropriations.

As further discussed in Auditor of State Bulletin 2000-008, the fiscal officer shall record the appropriations in accordance with the terms and conditions of the grant or project agreement. In addition, prior to recording the appropriations, Ohio Rev. Code, Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

The fiscal officer did not record the federal funds disbursed to the Township under the Hazard Mitigation Grant program, nor was the grant money included in the appropriations by the Board of Trustees for fiscal year 1999. However, receipts and disbursements of \$247,523 have been recorded on the audited financial statements for the year ended December 31, 1999.

**FINDING NUMBER 2000-40431-005**

**Reportable Condition/ Material Weakness**

The Township contracted with Auditor of State's Local Government Services (LGS) to perform bank reconciliations for the audit period. The cash reconciliation at December 31, 2000 prepared by LGS, had numerous reconciling items including unposted receipts of \$14, 282, and adjustments to the ledgers of \$1,981. The cash reconciliation at December 31, 1999 which was also prepared by LGS, had reconciling items including unposted receipts of \$17,890, adjustments to the ledgers of \$4,498, and an unexplained difference of \$96. At the end of fiscal year 2000, the Township also had several checks outstanding for more than 3 years. The adjustments required to corrected reconciling items were not posted to Township's ledgers until fiscal year 2001.

The Township should post all adjustments on a timely basis, which will allow the Clerk to present accurate monthly balances to the Board. Auditor of State's Management Advisory Services (MAS) Bulletin 91-11 addresses the accounting procedures to follow regarding the removal of outstanding, stale-dated warrants/checks issued by a governmental entity.

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**WHITEWATER TOWNSHIP**  
**HAMILTON COUNTY**  
**DECEMBER 31, 2000 AND 1999**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> : <b><i>Explain:</i></b>
1998-40431-001	The Township did not comply with Ohio Rev. Code, Section 5705.41(D) funds not certified prior to commitment.	No	Not corrected-reissued as, Finding Number 2000-40431-003.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**WHITEWATER TOWNSHIP**

**HAMILTON 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  
DECEMBER 04, 2001**