
**PAINT TOWNSHIP
MADISON COUNTY**

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

Whited Seigneur Sams & Rabe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**** WSSR ****

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net



**Auditor of State
Betty Montgomery**

Board of Trustees
Paint Township, Madison County
9825 State Route 38 SE
London, Ohio 43140

We have reviewed the *Report of Independent Auditor* of Paint Township, Madison County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2003 to 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. Paint Township, Madison County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 23, 2005

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**PAINT TOWNSHIP
MADISON COUNTY, OHIO**

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Whited Seigneur Sams & Rahe LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA

**** WSSR ****

Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

August 29, 2005

Paint Township
Madison County
9825 State Route 38 SE
London, OH 43140

Report of Independent Auditor

We have audited the accompanying financial statements of Paint 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 of Paint 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

**PAINT 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**

			<u>Memorandum Only</u>
CASH RECEIPTS	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Local Taxes	\$ 34,814	\$ 32,786	\$ 67,600
Intergovernmental Receipts	67,022	81,375	148,397
Licenses, Permits and Fees	0	10,440	10,440
Interest	2,250	1,418	3,668
Other Revenue	<u>1,331</u>	<u>661</u>	<u>1,992</u>
TOTAL CASH RECEIPTS	105,417	126,680	232,097
CASH DISBURSEMENTS			
Current:			
General Government	50,480	0	50,480
Public Safety	254	16,013	16,267
Public Works	354	52,266	52,620
Health	0	23,499	23,499
Capital Outlay	<u>0</u>	<u>7,328</u>	<u>7,328</u>
TOTAL CASH DISBURSEMENTS	<u>51,088</u>	<u>99,106</u>	<u>150,194</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	54,329	27,574	81,903
OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)			
Other Financing Sources	<u>2,536</u>	<u>5,764</u>	<u>8,300</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>2,536</u>	<u>5,764</u>	<u>8,300</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	56,865	33,338	90,203
Fund Cash Balances, January 1, 2004	<u>146,663</u>	<u>203,700</u>	<u>350,363</u>
Fund Cash Balances, December 31, 2004	<u>\$ 203,528</u>	<u>\$ 237,038</u>	<u>\$ 440,566</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PAINT 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**

	Non-Expendable Trust
OPERATING CASH RECEIPTS	
Interest	<u>\$ 2</u>
TOTAL OPERATING CASH RECEIPTS	2
TOTAL OPERATING CASH DISBURSMENTS	<u>0</u>
EXCESS OPERATING CASH RECEIPTS OVER CASH DISBURSMENTS	2
Fund Cash Balance, January 1, 2004	<u>548</u>
Fund Cash Balance, December 31, 2004	<u>\$ 550</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PAINT 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>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
CASH RECEIPTS			
Local Taxes	\$ 33,648	\$ 31,685	\$ 65,333
Intergovernmental Receipts	40,422	68,248	108,670
Licenses, Permits and Fees	0	11,755	11,755
Interest	1,719	1,337	3,056
Other Revenue	<u>761</u>	<u>2,231</u>	<u>2,992</u>
TOTAL CASH RECEIPTS	76,550	115,256	191,806
CASH DISBURSEMENTS			
Current:			
General Government	70,544	0	70,544
Public Safety	200	12,432	12,632
Public Works	353	43,396	43,749
Health	0	24,248	24,248
Capital Outlay	<u>0</u>	<u>11,277</u>	<u>11,277</u>
TOTAL CASH DISBURSEMENTS	<u>71,097</u>	<u>91,353</u>	<u>162,450</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	5,453	23,903	29,356
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Other Financing Sources	<u>2,235</u>	<u>7,388</u>	<u>9,623</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>2,235</u>	<u>7,388</u>	<u>9,623</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	7,688	31,291	38,979
Fund Cash Balances, January 1, 2003	<u>138,975</u>	<u>172,409</u>	<u>311,384</u>
Fund Cash Balances, December 31, 2003	<u>\$ 146,663</u>	<u>\$ 203,700</u>	<u>\$ 350,363</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PAINT 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**

	Non-Expendable Trust
OPERATING CASH RECEIPTS	
Interest	<u>\$ 2</u>
TOTAL OPERATING CASH RECEIPTS	2
TOTAL OPERATING CASH DISBURSMENTS	<u>0</u>
EXCESS OPERATING CASH RECEIPTS OVER CASH DISBURSMENTS	2
Fund Cash Balance, January 1, 2003	<u>546</u>
Fund Cash Balance, December 31, 2003	<u>\$ 548</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

Paint 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 and cemetery maintenance. The Township contracts with Central Township Fire Department to provide fire protection services. The Sterling Joint Ambulance District provides emergency medical services.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Fund Accounting (Continued)**

Permissive Motor Vehicle License Fund - This fund receives vehicle license money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund - This fund receives property tax money for the maintenance and upkeep and operations of the cemetery.

- **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 Fund (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. 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 canceled, and 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.

**PAINT TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE 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:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 401,116	\$ 310,911
Total Deposits	401,116	310,911
Certificates of Deposit	40,000	40,000
Total Investments	40,000	40,000
Total Deposits and Investments	\$ 441,116	\$ 350,911

• **Deposits**

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

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 75,000	\$ 107,953	\$ 32,953
Special Revenue	111,593	132,444	20,851
Non-Expendable Trust	2	2	0
Total	\$ 186,595	\$ 240,399	\$ 53,804

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 278,761	\$ 51,088	\$ 227,673
Special Revenue	364,796	99,106	265,690
Non-Expendable Trust	550	0	550
Total	\$ 644,107	\$ 150,194	\$ 493,913

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 37,559	\$ 78,785	\$ 41,226
Special Revenue	103,806	122,644	18,838
Non-Expendable Trust	5	2	(3)
Total	\$ 141,370	\$ 201,431	\$ 60,061

**PAINT 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	\$ 152,025	\$ 71,097	\$ 80,928
Special Revenue	315,289	91,353	223,936
Non-Expendable Trust	<u>550</u>	<u>0</u>	<u>550</u>
Total	<u>\$ 467,864</u>	<u>\$ 162,450</u>	<u>\$ 305,414</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. 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.

6. 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 insurance 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.

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

5. RISK MANAGEMENT (Continued)

- **Casualty Insurance**

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

- **Property Insurance**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

- **Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002 (the latest information available):

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

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

7. JOINTLY GOVERNED ORGANIZATION

The Sterling Joint Ambulance District (the District) provides ambulance services within the District. The District is directed by an appointed eight-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Stokes Township, Village of South Solon, Paint Township, Village of Midway, Pleasant Township, Village of Mount Sterling, Darby Township and Monroe Township.

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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August 29, 2005

Paint Township
Madison County
9825 State Route 38 SE
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 Paint 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 Finding Number 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**PAINT 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.

None of the sixty transactions tested were certified by the fiscal officer prior to the commitment being incurred. The Township does not use purchase orders to certify that funds are available for expenditure and to encumber those funds. Rather the Township Clerk certifies funds are available and encumbers funds at the time the invoice is paid. The Clerk indicates that the certification is made based on the payment of the invoice. Ohio Rev. Code Section 5705.41D requires the Clerk to certify funds are available prior to the order or contract being made, with certain exceptions. One exception is the use of a "Then and Now" certification, in which the Clerk may certify that funds are available after the contract or order has been executed, if the amount is less than \$3,000. If the amount is more than \$3,000, the Board must approve the payment through a resolution. However, this exception should only be used when needed, and not for every purchase or payment.

Funds should be certified, in writing, and encumbered prior to the order or contract being made. The proper use of purchase orders ensures that the Ohio Rev. Code is being followed and reduces the possibility of negative fund balances or expenditures exceeding appropriations.

We recommend the Township utilize the purchase order system to certify their funds are available for expenditure and to encumber those funds.

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

There were no prior audit findings.



**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

PAINT 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**