



Mary Taylor, CPA
Auditor of State

DECATUR TOWNSHIP
WASHINGTON COUNTY

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Mary Taylor, CPA

Auditor of State

Decatur Township
Washington County
1006 Boggy Hollow Road
Coolville, Ohio 45723

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 an 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 adverse 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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 21, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Decatur Township
Washington County
1006 Boggy Hollow Road
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the accompanying financial statements of Decatur Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006. 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, 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 Decatur Township, Washington County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 April 21, 2008, 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.



Mary Taylor, CPA
Auditor of State

April 21, 2008

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-----------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$54,755 | \$8,019 | | \$62,774 |
| Intergovernmental | 35,042 | 142,982 | | 178,024 |
| Earnings on Investments | 462 | 652 | \$58 | 1,172 |
| Miscellaneous | 131 | 3,714 | | 3,845 |
| | | | | |
| Total Cash Receipts | <u>90,390</u> | <u>155,367</u> | <u>58</u> | <u>245,815</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 84,043 | 229 | | 84,272 |
| Public Works | | 101,174 | | 101,174 |
| Health | 4,257 | 540 | | 4,797 |
| Capital Outlay | | 32,392 | | 32,392 |
| | | | | |
| Total Cash Disbursements | <u>88,300</u> | <u>134,335</u> | <u>0</u> | <u>222,635</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | 2,090 | 21,032 | 58 | 23,180 |
| Fund Cash Balances, January 1 | <u>24,532</u> | <u>63,254</u> | <u>1,847</u> | <u>89,633</u> |
| Fund Cash Balances, December 31 | <u>\$26,622</u> | <u>\$84,286</u> | <u>\$1,905</u> | <u>\$112,813</u> |

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

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Governmental Fund Types</u> | | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-----------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$48,369 | \$7,074 | | \$55,443 |
| Intergovernmental | 36,369 | 120,661 | | 157,030 |
| Earnings on Investments | 488 | 511 | \$14 | 1,013 |
| Miscellaneous | 94 | 943 | | 1,037 |
| | | | | |
| Total Cash Receipts | <u>85,320</u> | <u>129,189</u> | <u>14</u> | <u>214,523</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 96,670 | 194 | | 96,864 |
| Public Works | | 87,869 | | 87,869 |
| Health | 3,690 | 678 | | 4,368 |
| Capital Outlay | | 28,219 | | 28,219 |
| | | | | |
| Total Cash Disbursements | <u>100,360</u> | <u>116,960</u> | <u>0</u> | <u>217,320</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | (15,040) | 12,229 | 14 | (2,797) |
| Fund Cash Balances, January 1 | <u>39,572</u> | <u>51,025</u> | <u>1,833</u> | <u>92,430</u> |
| Fund Cash Balances, December 31 | <u>\$24,532</u> | <u>\$63,254</u> | <u>\$1,847</u> | <u>\$89,633</u> |

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

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Decatur 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, cemetery maintenance and fire protection. The Township contracts with Belpre Township to provide fire services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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 values certificates of deposit at cost.

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 private-purpose 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 to pay for constructing, maintaining, and repairing Township roads.

Permissive Sales Tax Fund - This fund receives funds from Washington County through the one-half percent sales tax for constructing, maintaining and repairing Township roads and bridges.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Ketchum Cemetery Bequest Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings can be used for the general maintenance and upkeep of the Township's cemetery.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The appropriation measures and subsequent amendments must be sent to the County Auditor. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH

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

| | 2007 | 2006 |
|-------------------------|------------|-----------|
| Demand deposits | \$ 111,813 | \$ 88,633 |
| Certificates of Deposit | 1,000 | 1,000 |
| Total deposits | \$ 112,813 | \$ 89,633 |

Deposits: Deposits are 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, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-----------|
| General | \$ 86,131 | \$ 90,390 | \$ 4,259 |
| Special Revenue | 111,154 | 155,367 | 44,213 |
| Permanent | 16 | 58 | 42 |
| Total | \$ 197,301 | \$ 245,815 | \$ 48,514 |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------|
| General | \$ 105,532 | \$ 88,300 | \$ 17,232 |
| Special Revenue | 187,846 | 134,335 | 53,511 |
| Permanent | 1,868 | 1,868 | 1,868 |
| Total | \$ 295,246 | \$ 222,635 | \$ 72,611 |

2006 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$ 83,000 | \$ 85,320 | \$ 2,320 |
| Special Revenue | 129,069 | 129,189 | 120 |
| Permanent | 14 | 14 | 14 |
| Total | \$ 212,069 | \$ 214,523 | \$ 2,454 |

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 120,089 | \$ 100,360 | \$ 19,729 |
| Special Revenue | 165,143 | 116,960 | 48,183 |
| Permanent | 833 | 833 | 833 |
| Total | \$ 286,065 | \$ 217,320 | \$ 68,745 |

At September 30, 2007, the Township had expenditures in excess of appropriations in the General Fund in the amount of \$49,338 and the Gasoline Tax Fund in the amount of \$12,704, contrary to Ohio Rev. Code Section 5705.41(B).

At September 30, 2006, the Township had expenditures in excess of appropriations in the General Fund in the amount of \$33,318 and the Gasoline Tax Fund in the amount of \$5,991, contrary to Ohio Rev. Code Section 5705.41(B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

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 SYSTEM

The Township's 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. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK POOL MEMBERSHIP

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

| | 2006 | 2005 |
|-----------------|--------------------|--------------------|
| Assets | \$9,620,148 | \$8,219,430 |
| Liabilities | <u>(3,329,620)</u> | <u>(2,748,639)</u> |
| Members' Equity | <u>\$6,290,528</u> | <u>\$5,470,791</u> |

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

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

Decatur Township
Washington County
1006 Boggy Hollow Road
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the financial statements of Decatur Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 21, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above to be a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated April 21, 2008.

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. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 21, 2008.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 21, 2008

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

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

Expenditures exceeded appropriations at September 30, 2006, in the following funds:

| <u>Fund</u> | <u>Appropriation Authority</u> | <u>Actual Expenditures</u> | <u>Variance</u> |
|--------------|------------------------------------|--------------------------------|-----------------|
| General | \$ 120,089 | \$ 169,427 | \$ (49,338) |
| Gasoline Tax | 88,900 | 101,604 | (12,704) |

Expenditures exceeded appropriations at September 30, 2007, in the following funds:

| <u>Fund</u> | <u>Appropriation Authority</u> | <u>Actual Expenditures</u> | <u>Variance</u> |
|--------------|------------------------------------|--------------------------------|-----------------|
| General | \$ 105,532 | \$ 138,850 | \$ (33,318) |
| Gasoline Tax | 108,277 | 114,268 | (5,991) |

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

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

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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.

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.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation (Continued)

1. "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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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 Township.

2. 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 current fiscal year. 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.
3. 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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to purchase commitment for forty-four percent of the expenditures tested in 2006 and twenty-nine percent of the expenditures tested in 2007. There was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The Township used blanket certificates throughout the year without the benefit of a resolution or ordinance establishing the threshold amount by which such certificates may not exceed. This could result in excessive amounts of blanket certificates being open throughout the year.

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 the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation (Continued)

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. We also recommend the Board of Trustees pass a resolution or ordinance establishing the threshold amount for the blanket certificates.

FINDING NUMBER 2007-003

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

The Fiscal Officer incorrectly posted the permissive tax revenue to taxes instead of intergovernmental revenue in 2006 in the amount of \$25,837 and in 2007 in the amount of \$32,356. As a result, these significant reclassifications, with which the Township's management agrees, were made to the financial statements.

In addition, the amount of interest in the Ketchum Cemetery Bequest Permanent Fund was incorrectly posted in the amount of \$22. As a result, the Fiscal Officer subsequently posted this as a fund balance adjustment at December 31, 2007 to the Township's books and is reflected in the accompanying financial statements.

During the audit period, the Fiscal Officer also posted certain insignificant revenue and expenditure transactions incorrectly. Personal property tax exemption, public utility reimbursement, homestead and rollback, and excess IRP distributions were posted to taxes and miscellaneous revenue rather than intergovernmental revenue. A reimbursement for road damages was recorded as intergovernmental revenue instead of miscellaneous revenue. The Fiscal Officer also posted the fire contract expenditures to general government instead of public safety. This resulted in incorrect postings of insignificant Township transactions in the financial statements. It was unnecessary to post these transactions to the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2007, estimated receipts per the amended certificates did not agree to the estimated receipts the Fiscal Officer entered into the revenue ledger as follows:

| Fund | Estimated Receipts Per Budget Commission | Amount Per Revenue Ledger | Variance |
|---------------------------|---|---------------------------------|-----------|
| General | \$ 86,131 | \$ 90,353 | \$(4,222) |
| Motor Vehicle License Tax | 15,341 | 15,191 | 150 |
| Gasoline Tax | 82,254 | 89,904 | (7,650) |
| Road and Bridge | 7,341 | 8,466 | (1,125) |
| Cemetery | 2,800 | 3,000 | (200) |
| Permissive Sales Tax | | 29,554 | (29,554) |
| France Cemetery Bequest | | 4 | (4) |
| Guery Cemetery Bequest | | 5 | (5) |
| Ketchum Cemetery Bequest | 16 | 51 | (35) |

At December 31, 2006, estimated receipts per the amended certificates did not agree to the estimated receipts the Fiscal Officer entered into the revenue ledger as follows:

| Fund | Estimated Receipts Per Budget Commission | Amount Per Revenue Ledger | Variance |
|---------------------------|---|---------------------------------|-----------|
| General | \$ 83,000 | \$ 85,500 | \$(2,500) |
| Motor Vehicle License Tax | 17,500 | 14,650 | 2,850 |
| Gasoline Tax | 76,114 | 82,317 | (6,203) |
| Road and Bridge | 6,800 | 8,000 | (1,200) |
| Cemetery | | 200 | (200) |
| Permissive Sales Tax | 28,655 | 30,391 | (1,736) |
| France Cemetery Bequest | | 4 | (4) |
| Guery Cemetery Bequest | | 5 | (5) |
| Ketchum Cemetery Bequest | | 55 | (55) |

Failure to properly post estimated resources could lead to a lack of budgetary control.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p> |
|---|

FINDING NUMBER 2007-004 (Continued)

Noncompliance Citation (Continued)

We recommend the Fiscal Officer record in the revenue ledger the estimated receipts from the amended certificates of estimated resources approved by the Budget Commission.

Officials' Response:

The officials did not respond to above findings.

**DECATUR TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2005-001 | Ohio Rev. Code Section 5705.41(D)(1) - the Township did not certify 27% of expenditures tested in 2005. | No | Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2007-002. |
| 2005-002 | The Township did not record Issue II funds during 2004 to the Township's ledgers. | N/A | Finding no longer valid; the Township did not receive Issue II funds during 2006 and 2007. |
| 2005-003 | The Township set up a FEMA Fund in 2004 to post FEMA funds received during 2004; however, the FEMA funds were posted to the General Fund, MVL Fund and Gasoline Tax Fund. | N/A | Finding no longer valid; the Township did not receive FEMA funds during 2006 and 2007. |



Mary Taylor, CPA
Auditor of State

DECATUR 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
MAY 29, 2008**