



Mary Taylor, CPA  
Auditor of State



**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	7
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Audit Findings .....	17
Schedule of Prior Audit Findings .....	21

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Good Hope Township  
Hocking County  
26885 Darl Road  
Rockbridge, Ohio 43149

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

January 20, 2010

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Good Hope Township  
Hocking County  
26885 Darl Road  
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of Good Hope Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2008, 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 third 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, 2008, 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, 2008, 2007 and 2006, or its changes in financial position for the years then ended.

For the audit period, the Township improperly posted a portion of the 2006, 2007 and 2008 rollback and homestead property tax revenues. Had these amounts been properly posted, the Debt Service Fund's intergovernmental revenues would have increased by \$3,885 in 2006; \$1,957 in 2007; \$1,995 in 2008; and the December 31 cash fund balance would have increased by \$3,885 in 2006; and the cumulative December 31 cash fund balance would have increased by \$5,842 in 2007; and increased by \$7,837 in 2008.

Also, in our opinion, except for the effects of the matters disclosed in the preceding paragraph affecting the Debt Service Fund's receipts and cash balances in 2006, 2007 and 2008, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Good Hope Township, Hocking County, Ohio, as of December 31, 2008, 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 January 20, 2010, 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

January 20, 2010

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$56,007	\$123,019	\$2,015	\$181,041
Intergovernmental	49,827	123,665		173,492
Miscellaneous	3,283	4,266		7,549
	<u>109,117</u>	<u>250,950</u>	<u>2,015</u>	<u>362,082</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	67,209			67,209
Public Safety	5,059	26,799		31,858
Public Works		178,671		178,671
Debt Service:				
Redemption of Principal		10,603	28,930	39,533
Interest and Fiscal Charges	4,674			4,674
Capital Outlay		78,332		78,332
	<u>76,942</u>	<u>294,405</u>	<u>28,930</u>	<u>400,277</u>
<b>Total Cash Disbursements</b>				
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>32,175</u>	<u>(43,455)</u>	<u>(26,915)</u>	<u>(38,195)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		52,276		52,276
Other Sources	299			299
	<u>299</u>	<u>52,276</u>	<u>0</u>	<u>52,575</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>32,474</u>	<u>8,821</u>	<u>(26,915)</u>	<u>14,380</u>
<b>Fund Cash Balances, January 1</b>	<u>41,195</u>	<u>128,291</u>	<u>27,778</u>	<u>197,264</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$73,669</u></u>	<u><u>\$137,112</u></u>	<u><u>\$863</u></u>	<u><u>\$211,644</u></u>

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

**GOOD HOPE TOWNSHIP  
HOCKING 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$51,631	\$122,199	\$48,073	\$221,903
Intergovernmental	16,922	118,377		135,299
Miscellaneous	4,206	4,018	525	8,749
	<u>72,759</u>	<u>244,594</u>	<u>48,598</u>	<u>365,951</u>
<b>Total Cash Receipts</b>				
	<u>72,759</u>	<u>244,594</u>	<u>48,598</u>	<u>365,951</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	70,893			70,893
Public Safety	1,000	23,780	1,039	25,819
Public Works		171,717		171,717
Debt Service:				
Redemption of Principal		10,603	34,550	45,153
Interest and Fiscal Charges			2,712	2,712
Capital Outlay		16,168		16,168
	<u>71,893</u>	<u>222,268</u>	<u>38,301</u>	<u>332,462</u>
<b>Total Cash Disbursements</b>				
	<u>71,893</u>	<u>222,268</u>	<u>38,301</u>	<u>332,462</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>866</u>	<u>22,326</u>	<u>10,297</u>	<u>33,489</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	255			255
	<u>255</u>			<u>255</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>255</u>	<u>0</u>	<u>0</u>	<u>255</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>1,121</u>	<u>22,326</u>	<u>10,297</u>	<u>33,744</u>
<b>Fund Cash Balances, January 1</b>	<u>40,074</u>	<u>105,965</u>	<u>17,481</u>	<u>163,520</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$41,195</u></u>	<u><u>\$128,291</u></u>	<u><u>\$27,778</u></u>	<u><u>\$197,264</u></u>

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

**GOOD HOPE TOWNSHIP  
HOCKING 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$50,945	\$120,761	\$47,504	\$219,210
Intergovernmental	42,210	107,764		149,974
Earning on Investments	59	26		85
Miscellaneous	4,064	5,248		9,312
	<u>97,278</u>	<u>233,799</u>	<u>47,504</u>	<u>378,581</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	76,044			76,044
Public Safety		32,548	1,179	33,727
Public Works		169,286		169,286
Debt Service:				
Redemption of Principal		10,603	39,467	50,070
Interest and Fiscal Charges			2,947	2,947
Capital Outlay		10,000		10,000
	<u>76,044</u>	<u>222,437</u>	<u>43,593</u>	<u>342,074</u>
Total Cash Disbursements	<u>76,044</u>	<u>222,437</u>	<u>43,593</u>	<u>342,074</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>21,234</u>	<u>11,362</u>	<u>3,911</u>	<u>36,507</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	11			11
	<u>11</u>	<u>0</u>	<u>0</u>	<u>11</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,245	11,362	3,911	36,518
Fund Cash Balances, January 1	18,829	94,603	13,570	127,002
<b>Fund Cash Balances, December 31</b>	<b><u>\$40,074</u></b>	<b><u>\$105,965</u></b>	<b><u>\$17,481</u></b>	<b><u>\$163,520</u></b>

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

**This page intentionally left blank.**

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008, 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 the Good Hope Township, Hocking 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, 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. 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. 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:

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

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

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Fire District Levy Fund – This fund receives levy monies for fire protection of the residents of the Township.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund -- This fund receives tax revenue for the repayment of a General Obligation Note for a Fire Truck and receives other revenue for the repayment of other General Obligation Notes.

**D. 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. 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 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2008, 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.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

**2. Equity in Pooled Deposits**

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Demand deposits	\$211,644	\$197,264	\$163,520

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation and/or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

**2008 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,865	\$109,416	\$34,551
Special Revenue	229,520	303,226	73,706
Debt Service	0	2,015	2,015
Total	\$304,385	\$414,657	\$110,272

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,600	\$76,942	\$9,658
Special Revenue	304,105	294,405	9,700
Debt Service	28,930	28,930	0
Total	\$419,635	\$400,277	\$19,358

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,075	\$73,014	\$939
Special Revenue	229,890	244,594	14,704
Debt Service	48,750	48,598	(152)
Total	\$350,715	\$366,206	\$15,491

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,300	\$71,893	\$17,407
Special Revenue	325,400	222,268	103,132
Debt Service	60,500	38,301	22,199
Total	\$475,200	\$332,462	\$142,738

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

**3. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,175	\$97,289	\$26,114
Special Revenue	226,890	233,799	6,909
Debt Service	47,200	47,504	304
Total	\$345,265	\$378,592	\$33,327

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,675	\$76,044	\$13,631
Special Revenue	317,300	222,437	94,863
Debt Service	60,700	43,593	17,107
Total	\$467,675	\$342,074	\$125,601

**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. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Notes-Backhoe	\$18,172	5.25%
General Obligation Notes-JD Tractor	52,276	5.35%
Total	\$70,448	

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

**5. Debt (Continued)**

The General Obligation Notes-Backhoe were issued in 2005 to purchase a John Deere backhoe. The General Obligation Notes-JD Tractor were issued in 2008 to purchase a John Deere tractor with cutter mower. The full faith and credit of the Township has been pledged to repay this debt.

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

Year ending December 31:	GO Note- Backhoe	GO Note-JD Tractor
2009	\$ 10,603	\$12,980
2010	10,603	12,475
2011		11,970
2012		11,465
2013		10,960
Total	<u>\$21,206</u>	<u>\$59,850</u>

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2008, 2007 and 2006, OPERS members contributed 10.0%, 9.5% and 9.0%, respectively, of their gross salaries and the Township contributed an amount equaling 14.0%, 13.85% and 13.70%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. Risk Management**

Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public officials' liability;
- Vehicles; and
- Property

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The rate is calculated based on accident history and administrative costs.

**This page intentionally left blank.**



# 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*

Good Hope Township  
Hocking County  
26885 Darl Road  
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the financial statements of Good Hope Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2008, 2007 and 2006, and have issued our report thereon dated January 20, 2010, wherein we issued a qualified opinion of the 2008, 2007 and 2006 Debt Service Fund regulatory financial statements due to certain misstatements of revenues and cash fund balances. Also, we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* consider 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 Findings 2008-001 and 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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 believe of the significant deficiencies described above, finding numbers 2008-001 and 2008-003 are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated January 20, 2010.

#### **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 2008-001 and 2008-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 20, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

January 20, 2010

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2008-001**

**Finding for Adjustment and Material Weakness**

Ohio Rev. Code Section 5705.10(B) states, in part, that all revenue derived from a general or special levies for debt charges, which is levied for the debt charges on serial bonds, notes or certificates of indebtedness having a life less than five years, shall be paid into the bond retirement fund.

Ohio Rev. Code Section 5705.10(C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

Ohio Rev. Code Section 5705.10(A) requires that all revenue derived from any general levy for current expense authorized by a vote in excess of the ten mill limitation and the general levy for current expense within the ten mill limitation must be paid into the General Fund.

During 2006, the Fiscal Officer incorrectly posted rollback and homestead monies and personal property tax reimbursement monies in the amount of \$8,443 to the General Fund and the amount of \$8,445 to Road and Bridge Fund, Special Revenue Fund type, instead of to the Road and Bridge Fund, Special Revenue Fund type in the amount of \$4,560; General Fund in the amount of \$3,377; Fire Levy Fund, Special Revenue Fund type in the amount of \$3,040; Road Levy Fund, Special Revenue Fund type, in the amount of \$2,026; and to the Fire Truck Debt Retirement Fund, Debt Service Fund type, in the amount of \$3,885.

A finding for adjustment is hereby issued against the Road and Bridge Fund, Special Revenue Fund type in the amount of \$8,445 and the General Fund, in the amount of \$8,443 and in favor of the General Fund, in the amount of \$3,377, the Road and Bridge Fund, Special Revenue Fund type, in the amount of \$4,560, the Road Levy Fund, Special Revenue Fund type, in the amount of \$2,026, the Fire Levy Fund, Special Revenue Fund type, in the amount of \$3,040 and the Fire Truck Debt Retirement Fund, Debt Service Fund, in the amount of \$3,885.

During 2007, the Fiscal Officer incorrectly posted rollback and homestead monies and personal property tax reimbursement monies in the amount of \$8,510 to the Road and Bridge Fund, Special Revenue fund type instead of to the Road and Bridge Fund, Special Revenue fund type in the amount of \$2,298; General Fund type in the amount of \$1,702; Fire Levy Fund, Special Revenue fund type in the amount of \$1,532; Road Levy Fund, Special Revenue Fund in the amount of \$1,021; and to the Fire Truck Debt Retirement Fund, Debt Service Fund in the amount of \$1,957.

A finding for adjustment is hereby issued against the Road and Bridge Fund, Special Revenue Fund type in the amount of \$8,510 and in favor of the Road and Bridge Fund, Special Revenue fund type in the amount of \$2,298, General Fund type in the amount of \$1,702, Fire Levy Fund, Special Revenue fund type in the amount of \$1,532, Road Levy Fund, Special Revenue Fund in the amount of \$1,021 and to the Fire Truck Debt Retirement Fund, Debt Service Fund in the amount of \$1,957.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2008-001 (Continued)**

**Finding for Adjustment and Material Weakness (Continued)**

During 2008, the Fiscal Officer incorrectly posted rollback and homestead monies and personal property tax reimbursement monies in the amount of \$25,718 to the Road and Bridge Fund, Special Revenue fund type instead of to the Road and Bridge Fund, Special Revenue fund type in the amount of \$8,494; General Fund type in the amount of \$6,176; Fire Levy Fund, Special Revenue fund type in the amount of \$5,491; Road Levy Fund, Special Revenue Fund in the amount of \$3,602; and to the Fire Truck Debt Retirement Fund, Debt Service Fund in the amount of \$1,955.

A finding for adjustment is hereby issued against the Road and Bridge, Special Revenue Fund type in the amount of \$17,224 and in favor of the General Fund, in the amount of \$6,176, Road Levy Fund, Special Revenue Fund type, in the amount of \$3,602, Fire Levy Fund, Special Revenue Fund type, in the amount of \$5,491 and the Fire Truck Debt Retirement Fund, Debt Service Fund type in the amount of \$1,955.

We recommend the Fiscal Officer review revenue postings for accuracy. The Fiscal Officer should review Uniform Accounting Network-Accounting Manual Appendix A, Township Chart of Accounts, for appropriate revenue code descriptions.

**Officials' Response:** The previous Fiscal Officer's receipt books and accounting codes were used. We will correct this for 2010.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision 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. 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 encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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 Ohio Rev. Code Section 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**"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.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2008-002 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

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.

**Blanket Certificate** - Fiscal officers may prepare “blanket” certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not obtain prior certification for 27% of 2006, 47% of 2007, and 61% of 2008 transactions tested. We found evidence of the Fiscal Officer using a “then and now” certificate during 2006, 2007 and 2008. For the “then and now” certificates tested, 25% of 2006, 100% of 2007, and 100% of 2008 “then and now” certificates were not approved in resolution form by the Board of Trustees. Although there was a purchase order for each transaction tested, the invoice date preceded the certification date of the purchase order. The Fiscal Officer’s failure to properly certify the availability of funds can result in overspending.

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 expenditures exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification 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.

**Officials’ Response:** We thought that if the purchase order was signed before the check was signed that this would be sufficient. We will correct this for the future.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2008-003**

**Material Weakness**

At the end of each month, the Fiscal Officer reconciled the bank account to the Township accounting records.

Starting with the prior audit and throughout the audit period, we noted that the Fiscal Officer was not able to reconcile the bank balances to the Township's accounting system. Based on this weakness, the Auditor of State performed a proof-of-cash to reconcile the bank to the Township accounting system for the audit period. These audit procedures identified the following items which affected the reconciliation of Township accounts:

- The prior audit outstanding checklist at December 31, 2005 contained an outstanding check, in the amount of \$1,546.46, that actually cleared the bank in December 2005.
- Bank charges for new checks, in the amount of \$218.60 in 2006 and \$235.00 in 2007, were not recorded in the accounting system.
- September 2006 memo entry for an expenditure duplicated a check amount for \$1,396.16.
- Various bank deposits during 2006, 2007 and 2008, in the cumulative amount of \$658.19, were not recorded to the accounting system.
- Interest earned on the main checking account during 2006, 2007 and 2008, in the cumulative amount of \$3,503.55, was not posted to the accounting system.

The aforementioned mispostings account for proposed adjustments to cash of \$2,756.93 in 2006, \$1,072.38 in 2007 and \$1,274.99 in 2008. Also, there was a outstanding check (check #11753) in the amount \$1,546.46 from the prior audit that needs removed from the current outstanding checklist. These amounts have not been posted to the accompanying financial statements and have been given to the clerk to make in 2010. The funds affected are:

<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>
1000	General	\$2,245.90
2011	Motor Vehicle and License	\$175.18
2021	Gas Tax Fund	\$814.36
2031	Road & Bridge Fund	\$163.77
2111	Fire Levy	\$1,541.08
2141	Road Levy	\$95.30
3101	Debt Service Fund	\$68.71

We recommend the Fiscal Officer perform a bank to book reconciliation on a timely basis each month. This reconciliation should be reviewed and approved by Board of Trustees at each monthly meeting. We also recommend the Township establish proper procedures to ensure the validity of reconciling items on the monthly bank reconciliation. In addition, the December 31, 2008 bank reconciliation contains old outstanding checks that should be voided.

**Officials' Response:** We acknowledge that mistakes were made and we will correct this in the future.

**GOOD HOPE TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-01	Ohio Rev. Code Section 5705.41(D)	No	Not Corrected. Repeated as Finding 2008-002
2005-02	Ohio Rev. Code Section 5705.38	Yes	





Mary Taylor, CPA  
Auditor of State

**GOOD HOPE TOWNSHIP**

**HOCKING 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  
MARCH 11, 2010**