



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
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
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	16

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Mary Taylor, CPA
Auditor of State

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

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

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Auditor of State

May 20, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Hardin County (the Township), as of and for the years ended December 31, 2008 and 2007. 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, 2008 and 2007 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, 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 Goshen Township, Hardin County, as of December 31, 2008 and 2007, 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 May 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010

**GOSHEN TOWNSHIP
HARDIN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$19,864	\$15,895		\$35,759
Intergovernmental	21,296	92,316		113,612
Licenses, Permits, and Fees	58			58
Earnings on Investments	391	3,157	\$17	3,565
Miscellaneous	175			175
Total Cash Receipts	<u>41,784</u>	<u>111,368</u>	<u>17</u>	<u>153,169</u>
Cash Disbursements:				
Current:				
General Government	28,593	19,440		48,033
Public Safety	487			487
Public Works		60,903		60,903
Health	11,616			11,616
Intergovernmental		11,509		11,509
Total Cash Disbursements	<u>40,696</u>	<u>91,852</u>		<u>132,548</u>
Total Receipts Over/(Under) Disbursements	<u>1,088</u>	<u>19,516</u>	<u>17</u>	<u>20,621</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		1,052		1,052
Transfers-Out			(1,052)	(1,052)
Total Other Financing Receipts/(Disbursements)		<u>1,052</u>	<u>(1,052)</u>	
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,088	20,568	(1,035)	20,621
Fund Cash Balances, January 1	<u>11,178</u>	<u>178,438</u>	<u>1,035</u>	<u>190,651</u>
Fund Cash Balances, December 31	<u>\$12,266</u>	<u>\$199,006</u>	<u>\$0</u>	<u>\$211,272</u>

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

**GOSHEN TOWNSHIP
HARDIN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$8,484	\$16,433		\$24,917
Intergovernmental	17,011	104,232		121,243
Licenses, Permits, and Fees	1,241			1,241
Earnings on Investments	3,028	5,326	\$52	8,406
Total Cash Receipts	<u>29,764</u>	<u>125,991</u>	<u>52</u>	<u>155,807</u>
Cash Disbursements:				
Current:				
General Government	29,685	20,418		50,103
Public Safety	5,775	10,000		15,775
Public Works		99,791		99,791
Health	7,492		90	7,582
Intergovernmental		16,355		16,355
Total Cash Disbursements	<u>42,952</u>	<u>146,564</u>	<u>90</u>	<u>189,606</u>
Total Receipts Over/(Under) Disbursements	<u>(13,188)</u>	<u>(20,573)</u>	<u>(38)</u>	<u>(33,799)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	35,000			35,000
Transfers-Out		(35,000)		(35,000)
Total Other Financing Receipts/(Disbursements)	<u>35,000</u>	<u>(35,000)</u>		
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,812	(55,573)	(38)	(33,799)
Fund Cash Balances, January 1	<u>(10,634)</u>	<u>234,011</u>	<u>1,073</u>	<u>224,450</u>
Fund Cash Balances, December 31	<u>\$11,178</u>	<u>\$178,438</u>	<u>\$1,035</u>	<u>\$190,651</u>

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen Township, Hardin County, (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 road and bridge maintenance and cemetery maintenance. The Township contracts with Jackson-Forest Fire Department and Marseilles Fire Department to provide fire services.

The residents of the Township support Grove Cemetery Association and the Veterans' Memorial Part District through tax levies. This relationship is further described in Note 4.

The Township participates in two jointly governed organizations and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 6 and 8 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

BKP Ambulance District which provides ambulance services within the District
Hardin County Regional Planning Commission which provides planning services to members

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty coverage to members.

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. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township maintains all money in deposit accounts.

Certificates of deposit and savings accounts are valued at cost.

D. Fund Accounting

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Fund:

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

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 permanent fund:

Cemetery Bequest Fund – this fund accounts for the principal of a trust agreement and the related interest earnings which are to be used for the upkeep of graves in the McKendree Cemetery. During 2008 the balance of this fund was transferred to the Special Revenue McKendree Cemetery Fund. This transfer is further discussed in Note 7 to the financial statements.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 re-appropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

	2008	2007
Demand deposits	\$ 68,959	\$ 49,957
Certificates of deposit	100,000	1,000
Savings accounts	42,313	139,694
Total deposits	\$211,272	\$190,651

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution to the District.

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	\$ 44,130	\$ 41,784	(\$ 2,346)
Special Revenue	125,376	112,420	(12,956)
Permanent	50	17	(33)
Total	\$169,556	\$154,221	(\$15,335)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 54,409	\$ 40,696	\$ 13,713
Special Revenue	290,384	91,852	198,532
Special Revenue	1,136	1,052	84
Total	\$345,929	\$133,600	\$212,329

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,526	\$ 64,764	\$ 1,238
Special Revenue	115,764	125,991	10,227
Special Revenue	50	52	2
Total	\$179,340	\$190,807	\$11,467

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,446	\$ 42,952	\$ 12,494
Special Revenue	277,790	181,564	96,226
Special Revenue	123	90	33
Total	\$333,359	\$224,606	\$108,753

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.

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

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

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

The residents of the Township support Grove Cemetery Association (the Cemetery) and the Veterans' Memorial Park District (the Park) through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2008 and 2007, the Cemetery received \$10,424 and \$15,222, respectively, and the Park received \$1,085 and \$1,133, respectively, in tax revenue from the residents of the Township. This money is recorded as tax revenue and intergovernmental expenditures in the Special Revenue Fund Type. The Township receives and disburses the tax levy money to the Cemetery. The levy money belonging to the Park is recorded as memo only activity since the Hardin County Auditor, who is the fiscal agent for Park, distributes this money directly to the Park.

5. RETIREMENT SYSTEMS

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 14 and 13.85 percent, respectively of their gross salaries. The Township contributed an amount equaling 10 and 9.5 percent for 2008 and 2007, respectively. The Township has paid all contributions required through December 31, 2008.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

6. RISK POOL MEMBERSHIP

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

B. 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, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	(12,981,818)	(13,357,837)
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$1,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

6. RISK POOL MEMBERSHIP (Continued)

<u>Contributions to OTARMA</u>	
2007	\$1,538
2008	\$1,542

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. TRANSFERS

In 2007, the Hardin County Common Pleas Court authorized the Township the transfer of \$35,000 from the Special Revenue Road and Bridge Fund to the General Fund. This transfer was approved to eliminate the deficit balance in the General Fund.

In 2008, the Hardin County Common Pleas Court authorized the balance of the Permanent Fund to be transferred to the McKendee Cemetery Fund. This transfer was approved since documentation could not be located to support the principal balance of this fund

8. JOINTLY GOVERNED ORGANIZATIONS

A. Hardin County Regional Planning Commission

The Hardin County Regional Planning Commission (the Commission) is a joint venture between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and government characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed.

B. BKP Ambulance District

The BKP Ambulance District (the District) is jointly governed organization with Buck, Cessna, Dudley, Goshen, Lynn, and Pleasant Townships; and the City of Kenton. A seven-member Board of Trustees governs the District with each political subdivision within the District appointing one member. The District provides ambulance services within the District.

Operating funds for the District are provided from property taxes assessed against property owners located within the District and charges assessed for services of the District. Financial information can be obtained from Vicki Collins, Clerk, 439 South Main Street, Kenton, Ohio 43326.



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*

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the Goshen Township, Hardin County (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 20, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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.

**Internal Control over Financial Reporting
(Continued)**

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency 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 the significant deficiency described above is also a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated May 20, 2010.

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



Mary Taylor, CPA
Auditor of State

May 20, 2010

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

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

Material Weakness

Recording of Financial Activity

To assist in the effective management and reporting of financial resources, the Township should have procedures and controls in place to help assure that all financial transactions are correctly recorded in the accounting records and financial statements. In 2008, homestead and rollback revenue recorded in the General Fund, in the amount of \$3,478, was classified as Tax Revenue instead of Intergovernmental Revenue. Also, fire contract expenditures recorded in the General Fund, in the amount of \$6,600, were classified as Health instead of Public Safety.

During 2008, the Township recorded FEMA revenue of \$845 in a Capital Projects FEMA Fund (instead of a Special Revenue FEMA Fund) and failed to adjust the related 2008 expenditures into the FEMA Fund. The disbursement had been recorded in the Special Revenue Gas Tax Fund. As a result, the Capital Projects FEMA Fund was overstated and the Special Revenue Gas Tax Fund was understated at December 31, 2008.

In 2007, the Township did a fund balance adjustment for \$16,996 to move 2007 expenditures from the Special Revenue Gas Tax Fund to the General Fund. As a result of this fund balance adjustment, the beginning Special Revenue Gas Tax Fund and General Fund balances did not agree to the audited December 31, 2006 balances. The Township should have recorded this adjustment by reducing expenditures in the Gas Tax Fund and increasing expenditures in the General Fund.

The failure to correctly classify financial activity in the accounting records and financial statements may impact, the user's understanding of the financial operations, the Township's ability to make sound financial decisions, the Township's ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Trustees. The accounting records of the Township and the accompanying financial statements have been adjusted to correctly reflect this financial activity.

The Township Fiscal Officer should review the Ohio Township Manual, UAN Manual, Auditor of State Bulletins, and other resources for guidance in correctly recording financial activity. As part of the monitoring procedures, the Trustees should also perform a periodic review of the financial records to help identify financial activity recording errors.

OFFICIALS' RESPONSE: We did not receive a response from Officials to the finding reported above.

GOSHEN TOWNSHIP
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code 5705.10 restricted revenues were recorded in the wrong fund.	Yes	



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP

HARDIN 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
JULY 1, 2010