



Dave Yost • Auditor of State

GOSHEN COUNTY
HARDIN COUNTY

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Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 28, 2011

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Dave Yost • 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, 2010 and 2009. 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(A) mandates 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, 2010 and 2009 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, 2010, 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, 2010 and 2009, 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 28, 2011, 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.



Dave Yost
Auditor of State

April 28, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$24,323	\$35,341	\$59,664
Intergovernmental	107,515	98,635	206,150
Licenses, Permits, and Fees	350		350
Earnings on Investments	1,325	2,483	3,808
Miscellaneous	88		88
Total Cash Receipts	<u>133,601</u>	<u>136,459</u>	<u>270,060</u>
Cash Disbursements:			
Current:			
General Government	29,218	19,565	48,783
Public Safety		17,605	17,605
Public Works		83,403	83,403
Health	6,380		6,380
Intergovernmental		14,955	14,955
Total Cash Disbursements	<u>35,598</u>	<u>135,528</u>	<u>171,126</u>
Total Receipts Over Disbursements	<u>98,003</u>	<u>931</u>	<u>98,934</u>
Fund Cash Balances, January 1	<u>28,406</u>	<u>222,908</u>	<u>251,314</u>
Fund Cash Balances, December 31	<u>\$126,409</u>	<u>\$223,839</u>	<u>\$350,248</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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$23,998	\$33,598	\$57,596
Intergovernmental	27,348	110,729	138,077
Licenses, Permits, and Fees	975		975
Earnings on Investments	222	1,592	1,814
Total Cash Receipts	<u>52,543</u>	<u>145,919</u>	<u>198,462</u>
Cash Disbursements:			
Current:			
General Government	31,216	19,391	50,607
Public Safety		17,926	17,926
Public Works		73,194	73,194
Health	5,228		5,228
Intergovernmental		11,465	11,465
Total Cash Disbursements	<u>36,444</u>	<u>121,976</u>	<u>158,420</u>
Total Receipts Over Disbursements	<u>16,099</u>	<u>23,943</u>	<u>40,042</u>
Fund Cash Balances, January 1	<u>12,307</u>	<u>198,965</u>	<u>211,272</u>
Fund Cash Balances, December 31	<u>\$28,406</u>	<u>\$222,908</u>	<u>\$251,314</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, 2010 AND 2009**

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 Goshen Township, Hardin 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 and cemetery maintenance. The Township contracts with the 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 Park 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 7 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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund 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.

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. Unencumbered 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 2010 and 2009 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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2010	2009
Demand deposits	\$ 95,489	\$108,977
Certificates of deposit	100,000	100,000
Savings accounts	154,759	42,337
Total deposits	\$350,248	\$251,314

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or the National Credit Union Administration; or collateralized by securities specifically pledged by the financial institution to the Township.

The Township held some of its deposits in a credit union which is not an eligible depository under Ohio law.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,444	\$133,601	\$18,157
Special Revenue	146,281	136,459	(9,822)
Total	\$261,725	\$270,060	\$ 8,335

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,983	\$ 35,598	\$ 7,385
Special Revenue	341,467	135,528	205,939
Total	\$384,450	\$171,126	\$213,324

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,942	\$ 52,543	\$11,601
Special Revenue	132,306	145,919	13,613
Total	\$173,248	\$198,462	\$25,214

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,221	\$ 36,444	\$ 3,777
Special Revenue	312,452	121,976	190,476
Total	\$352,673	\$158,420	\$194,253

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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 2010 and 2009, the Cemetery received \$13,625 and \$10,179, respectively, and the Park received \$1,330 and \$1,286, respectively, in tax revenue from the residents of the Township. This money is recoded 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 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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries. The Township contributed an amount equaling 14 percent for 2010 and 2009 of the participant's gross salaries. The Township has paid all contributions required through December 31, 2010.

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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. RISK POOL MEMBERSHIP (Continued)

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. (ARPCO), 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 ARPCO. 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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2009 and 2008 (the latest information available):

	2009	2008
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	\$26,101,322	\$27,755,922

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

Contributions to OTARMA	
2010	2009
\$1,656	\$1,352

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. RISK POOL MEMBERSHIP (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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. 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. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

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.



Dave Yost • 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 Goshen Township, Hardin County (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 28, 2011, 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 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) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of finding we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-02.

We also noted a certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 28, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

April 28, 2011

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Weakness

Accuracy of Financial Reporting

The Township should have procedures and controls in place to help provide that all financial transactions are correctly recorded in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

The following classification errors were noted:

Fund Type	Year	Amount	Township Classification	Ohio Township Handbook Classification
General	2010	\$4,036	Taxes Revenue	Intergovernmental Revenue
Special Revenue	2010	\$5,818	Taxes Revenue	Intergovernmental Revenue
General	2009	\$4,016	Taxes Revenue	Intergovernmental Revenue
General	2009	\$5,228	Public Work Disbursements	Health Disbursements
Special Revenue	2009	\$5,529	Taxes Revenue	Intergovernmental Revenue

In addition, in 2009, an adjustment in the amount of \$845 was made to increase the beginning fund balance for the Special Revenue FEMA Fund and decrease the beginning fund balance for the Capital Projects FEMA Fund to agree them to the prior year audited ending fund balances. During 2010, the Township adjusted \$670 of the FEMA Fund activity from the prior year to the proper fund, but failed to adjust \$175 in current-year activity. The disbursement had been originally 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, 2010.

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 correct these recording errors.

The Township Fiscal Officer should review the Ohio Township Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and disbursements. Additionally, the Trustees should periodically perform a review of the receipt and disbursement ledgers to help identify errors and/or irregularities.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Rev. Code Section 135.03 states eligible depositories include national banks. **Ohio Rev. Code Section 1101.01 (B)** states that a “Bank” means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. “Bank” also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority or another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The Township held money in a checking account and a money market account at a local credit union, which was not an eligible depository according to Ohio Rev. Code Section 135.03. In 2010 and 2009, the Township held \$213,100 (60.8%) and \$46,724 (18.6%), respectively, of its deposits in a local credit union.

The failure to maintain deposits in an eligible institution may increase the Township’s risk of a loss of public funds. The Township should develop and implement procedures to provide that deposits be held in institutions that are eligible per Ohio Rev. Code Section 135.03.

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

GOSHEN TOWNSHIP
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Recording of Financial Activity	No	Repeated as finding 2010-01

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Dave Yost • 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
JUNE 9, 2011**