



Dave Yost • Auditor of State

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Symmes Township
Lawrence County
11423 County Road 14
P.O. Box 38
Waterloo, Ohio 45688

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Symmes Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position, thereof for the year then ended.

Basis for Adverse Opinion on Regulatory Basis of Accounting

During the prior audits, the Township improperly paid salaries and fringe benefits for the Board of Trustees from the Gasoline Tax Fund in the amount of \$58,090 that should have been paid from the General Fund. Due to the impact this adjustment would have on the General Fund, the Township declined to make this adjustment during this audit period. As a result, the January 1, 2011 cash fund balances do not reflect the adjustment.

Had the posting errors noted in the preceding paragraph been properly posted to the financial statements and the accounting system, the General Fund cash fund balance as of December 31, 2010 would have been decreased by \$58,090, and the Gasoline Tax Fund cash fund balance as of December 31, 2010 would have increased by \$58,090.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined cash balances of Symmes Township, Lawrence County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013

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**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES (Cash Basis)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,637	\$2,625		\$11,262
Intergovernmental	9,783	149,631	\$11,640	171,054
Miscellaneous	1,055			1,055
<i>Total Cash Receipts</i>	<u>19,475</u>	<u>152,256</u>	<u>11,640</u>	<u>183,371</u>
Cash Disbursements				
Current:				
General Government	\$27,421			27,421
Public Safety	1,660			1,660
Public Works		87,134		87,134
Capital Outlay		89,966	11,640	101,606
<i>Total Cash Disbursements</i>	<u>29,081</u>	<u>177,100</u>	<u>11,640</u>	<u>217,821</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,606)</u>	<u>(24,844)</u>	<u>0</u>	<u>(34,450)</u>
Other Financing Receipts (Disbursements)				
Proceeds from the Sale of Bonds		40,000		40,000
Other Financing Uses		(1,276)		(1,276)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>38,724</u>	<u>0</u>	<u>38,724</u>
<i>Net Change in Fund Cash Balances</i>	<u>(9,606)</u>	<u>13,880</u>	<u>0</u>	<u>4,274</u>
<i>Fund Cash Balances, January 1</i>	<u>40,707</u>	<u>173,712</u>	<u>0</u>	<u>214,419</u>
Fund Cash Balances, December 31				
Restricted		187,592		187,592
Assigned	24,424			24,424
Unassigned (Deficit)	6,677			6,677
<i>Fund Cash Balances, December 31</i>	<u>\$31,101</u>	<u>\$187,592</u>	<u>\$0</u>	<u>\$218,693</u>

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

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES (Cash Basis)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,056	\$2,464		\$10,520
Intergovernmental	14,349	96,232	\$3,000	113,581
Miscellaneous	350			350
<i>Total Cash Receipts</i>	<u>22,755</u>	<u>98,696</u>	<u>3,000</u>	<u>124,451</u>
Cash Disbursements				
Current:				
General Government	29,891			29,891
Public Safety	1,500			1,500
Public Works		78,338		78,338
Human Services		53		53
Capital Outlay			3,000	3,000
<i>Total Cash Disbursements</i>	<u>31,391</u>	<u>78,391</u>	<u>3,000</u>	<u>112,782</u>
<i>Net Change in Fund Cash Balances</i>	(8,636)	20,305	0	11,669
<i>Fund Cash Balances, January 1</i>	<u>49,343</u>	<u>153,407</u>		<u>202,750</u>
Fund Cash Balances, December 31				
Restricted		173,712		173,712
Assigned	16,537			16,537
Unassigned (Deficit)	24,170			24,170
<i>Fund Cash Balances, December 31</i>	<u>\$40,707</u>	<u>\$173,712</u>	<u>\$0</u>	<u>\$214,419</u>

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

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Symmes Township, Lawrence County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Aid Township Volunteer Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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 and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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. This fund was also used to account for USDA Rural Development grant and loan funds received to purchase equipment.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

CDBG Community Building Project Fund - This fund received receipts and disbursements from Lawrence County on behalf of the Township for the Community Building Project.

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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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. Change in Accounting Principle

During 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$218,693	\$214,419

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,263	\$19,475	(\$3,788)
Special Revenue	98,190	192,256	94,066
Capital Projects	0	11,640	11,640
Total	\$121,453	\$223,371	\$101,918

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,900	\$29,081	\$10,819
Special Revenue	211,635	178,376	33,259
Capital Projects	0	11,640	(11,640)
Total	\$251,535	\$219,097	\$32,438

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,971	\$22,755	(\$1,216)
Special Revenue	98,562	98,696	134
Capital Projects	0	3,000	3,000
Total	\$122,533	\$124,451	\$1,918

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,830	\$31,391	\$17,439
Special Revenue	91,346	78,391	12,955
Capital Projects	0	3,000	(3,000)
Total	\$140,176	\$112,782	\$27,394

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. 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.

6. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
General Obligation Road Maintenance Equipment Bonds	\$40,000	3.75%
Total	\$40,000	

The Township issued general obligation road maintenance equipment bonds to finance the purchase of a truck and backhoe for Township road maintenance through USDA Rural Development. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation Bonds
2013	\$8,789
2014	8,923
2015	8,934
2016	8,935
2017	8,922
Total	\$44,503

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed \$8,289 and 10%, respectively, of their gross salaries and the Township contributed an amount equaling \$11,605 and 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Risk Management

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. (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.

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, 2010, 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.

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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Risk Management (Continued)

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.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$3,671	\$3,034

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.

9. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. Compliance

A carryover from the 2010-2009 and 2008-2007 audits, the salaries and fringe benefits of the Board of Trustees of \$20,951, and \$37,189, respectively, were paid from the Gasoline Tax Fund. The Board of Trustees did not establish administrative procedures or keep records documenting their time spent on Township business and the type of services performed on these funds. Trustees' salaries and fringe benefits are to be paid from the General Fund unless administrative procedures are established to document the proportionate amount of salaries and fringe benefits chargeable to other Township funds.

The Fiscal Officer has not posted these adjustments to the Township records and, therefore, this adjustment is not reflected in the accompanying financial statements.

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Dave Yost • Auditor of State

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

Symmestown Township
Lawrence County
11423 County Road 14
P.O. Box 38
Waterloo, Ohio 45688

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Symmestown Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 24, 2013 wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. We also issued an adverse opinion on the 2012 and 2011 financial statements due to the Township declining to post an adjustment for improperly paying salaries and fringe benefits for the Board of Trustees from the Gasoline Tax Fund that should have been paid from the General Fund from the previous audit period.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Finding 2012-02 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, opining 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 matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2012-01.

Entity's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

Forty-five percent in 2011 and forty-three percent in 2012 of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

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

**FINDING NUMBER 2012-01
(Continued)**

Noncompliance Citation - Ohio Revised Code Section 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to 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:

The Township will strive to improve this item for future audits.

FINDING NUMBER 2012-02

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The financial statements included the following errors requiring adjustment or reclassification:

In 2011:

- In the General Fund, a reclassification of \$1,393 was made from Taxes to Intergovernmental Revenue;
- In the General and Motor Vehicle License Fund, an adjustment was made to move license fees' of \$211 from the General Fund and post it to the Motor Vehicle License Fund;
- In the General and Road & Bridge Fund, an adjustment was made to move rollback monies of \$298 from the General Fund and post it to the Road & Bridge Fund;
- In the Capital Projects Fund, on behalf payments made by Lawrence County for Township Community Building relating to the Community Development Block Grant (CDBG) program, were not recorded for 2011 in the amount of \$3,000;

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

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

FINDING NUMBER 2012-02 (Continued)

Material Weakness (Continued)

In 2011 (Continued):

- In the General Fund, Road and Bridge Fund, and Motor Vehicle License Fund, an adjustment was made to decrease General Fund beginning balance by \$734 and to increase Road and Bridge Fund beginning balance by \$542 and increase Motor Vehicle License Fund beginning balance by \$192, to record a prior audit adjustment not made.

In 2012:

- In the General Fund balance, \$16,537 was reclassified from unassigned to assigned for 2012 appropriations exceeding estimated receipts.
- In the General Fund, a reclassification of \$1,381 was made from Taxes to Intergovernmental Revenue;
- In the General and Road & Bridge Fund, an adjustment was made to move rollback monies of \$306 from the General Fund and post it to the Road & Bridge Fund;
- In the Gasoline Tax Fund, a reclassification of \$50,000 was made from special item to Intergovernmental Revenue;
- In the Gasoline Tax Fund, a reclassification of \$40,000 was made from special item to Proceeds from Sale of Bonds;
- In the FEMA Fund, a reclassification of \$6,524 was made to move committed fund balance to restricted fund balance;
- In the Capital Project Fund, on behalf payments were made by Lawrence County for Township Community Building relating to the Community Development Block Grant (CDBG) program were not recorded for 2012 in the amount of \$11,640.
- In the General Fund balance, \$24,424 was reclassified from unassigned to assigned for 2013 appropriations exceeding estimated receipts.

The Fiscal Officer did not follow the UAN established account codes for all postings. This resulted in audit adjustments and reclassifications to the financial statements as noted above.

To ensure complete and accurate financial statements and notes to the financial statements, we recommend the Township adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer or Board of Trustees.

Officials' Response:

The Township will strive to improve this item for future audits.

**SYMMES TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

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	Finding for Adjustment associated with Ohio Rev. Code Section 505.24 (C) – Trustee Salaries	No	Finding for Adjustment of \$37,139 not corrected from prior year.
2010-01	Noncompliance Citation and Finding for Recovery associated with Ohio Rev. Code Section 149.351(A) and travel reimbursement.	Yes	N/A
2010-02	Finding for Adjustment associated with Ohio Rev. Code Section 505.24 (C) – Trustee Salaries	No	Finding for Adjustment of \$20,951 not corrected from prior year.
2010-03	Material weakness regarding sound financial reporting.	No	Reissued as Finding Number 2012-02.
2010-04	Noncompliance Citation associated with Ohio Rev. Code Section 5705.41(D)(1) and the certification of funds prior to commitment.	No	Reissued as Finding Number 2012-01.



Dave Yost • Auditor of State

SYMMES TOWNSHIP

LAWRENCE 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 11, 2013**