



Dave Yost • Auditor of State

VINTON TOWNSHIP
VINTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Vinton Township
Vinton County
37566 Eakin Mill Road
Wilkesville, Ohio 45695

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Vinton Township, Vinton 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 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.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Vinton Township, Vinton County 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 1E 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 June 27, 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.



Dave Yost
Auditor of State

Columbus, Ohio

June 27, 2013

**VINTON TOWNSHIP
VINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$18,190	\$25,330	\$43,520
Intergovernmental	22,396	116,978	139,374
Earnings on Investments	54	83	137
Miscellaneous	1,077	71	1,148
<i>Total Cash Receipts</i>	<u>41,717</u>	<u>142,462</u>	<u>184,179</u>
Cash Disbursements			
Current:			
General Government	30,931		30,931
Public Safety	3,019	5,293	8,312
Public Works		139,451	139,451
Health	3,280	4,205	7,485
Capital Outlay	1,835	1,834	3,669
Debt Service:			
Principal Retirement	3,974		3,974
Interest and Fiscal Charges	406		406
<i>Total Cash Disbursements</i>	<u>43,445</u>	<u>150,783</u>	<u>194,228</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,728)</u>	<u>(8,321)</u>	<u>(10,049)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	297	668	965
<i>Total Other Financing Receipts (Disbursements)</i>	<u>297</u>	<u>668</u>	<u>965</u>
<i>Net Change in Fund Cash Balances</i>	(1,431)	(7,653)	(9,084)
<i>Fund Cash Balances, January 1</i>	<u>(19,527)</u>	<u>100,484</u>	<u>80,957</u>
Fund Cash Balances, December 31			
Restricted	0	86,831	86,831
Unassigned (Deficit)	<u>(20,958)</u>	<u>6,000</u>	<u>(14,958)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$20,958)</u></u>	<u><u>\$92,831</u></u>	<u><u>\$71,873</u></u>

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

**VINTON TOWNSHIP
VINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$22,821	\$19,356	\$42,177
Intergovernmental	12,407	108,148	120,555
Earnings on Investments	45	98	143
<i>Total Cash Receipts</i>	<u>35,273</u>	<u>127,602</u>	<u>162,875</u>
Cash Disbursements			
Current:			
General Government	43,732		43,732
Public Safety		1,387	1,387
Public Works		88,587	88,587
Health	5,266		5,266
Capital Outlay		5,500	5,500
Debt Service:			
Principal Retirement	3,780		3,780
Interest and Fiscal Charges	600		600
<i>Total Cash Disbursements</i>	<u>53,378</u>	<u>95,474</u>	<u>148,852</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,105)</u>	<u>32,128</u>	<u>14,023</u>
Other Financing Receipts (Disbursements)			
Advances In		6,000	6,000
Advances Out	(6,000)		(6,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,000)</u>	<u>6,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(24,105)	38,128	14,023
<i>Fund Cash Balances, January 1</i>	<u>4,578</u>	<u>62,356</u>	<u>66,934</u>
Fund Cash Balances, December 31			
Restricted	0	94,484	94,484
Unassigned (Deficit)	(19,527)	6,000	(13,527)
<i>Fund Cash Balances, December 31</i>	<u>(\$19,527)</u>	<u>\$100,484</u>	<u>\$80,957</u>

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

**VINTON TOWNSHIP
VINTON 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 Vinton Township, Vinton County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance, cemetery maintenance, and garbage and waste disposal services. The Township contracts with the Village of Hamden to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 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 that is 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.

VINTON TOWNSHIP
VINTON COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

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.

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.

VINTON TOWNSHIP
VINTON COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

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. 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:

	2012	2011
Demand deposits	<u>\$71,873</u>	<u>\$80,957</u>

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

**VINTON TOWNSHIP
VINTON COUNTY**

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

3. 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	\$28,956	\$42,014	\$13,058
Special Revenue	143,905	143,130	(775)
Total	\$172,861	\$185,144	\$12,283

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,876	\$43,445	\$30,431
Special Revenue	179,943	150,783	29,160
Total	\$253,819	\$194,228	\$59,591

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,977	\$35,273	\$6,296
Special Revenue	110,430	133,602	23,172
Total	\$139,407	\$168,875	\$29,468

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,881	\$59,378	\$9,503
Special Revenue	137,611	95,474	42,137
Total	\$206,492	\$154,852	\$51,640

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.

VINTON TOWNSHIP
VINTON COUNTY

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

4. Property Tax (Continued)

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

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

5. Debt

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	4,173	5%

The Township obtained a note in 2009 in the amount of \$19,195 to finance the purchase of a side arm mower. The mower collateralized the note.

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

Year ending December 31:	<u>Mower Note</u>
2013	\$4,380

6. 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 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 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township is in the process of determining amounts past due for years 2011 and prior.

7. 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.

**VINTON TOWNSHIP
VINTON COUNTY**

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

7. Risk Management (Continued)

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	(9,718,792)	(10,664,724)
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 \$3000.

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>2012</u>
\$4,211	\$4,215

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.



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

Vinton Township
Vinton County
37566 Eakin Mill Road
Wilkesville, Ohio 45695

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 Vinton Township, Vinton 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 June 27, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

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.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-05 and 2012-06 described in the accompanying Schedule of Findings to be significant deficiencies.

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 instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2012-01 through 2012-04.

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

June 27, 2013

**VINTON TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2012-01

Noncompliance Citation/Finding For Adjustment

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General Opinion 2004-036. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. There is no one method for documenting time and the kinds of services rendered. The administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. This Attorney General Opinion was issued prior to the certification requirements of Ohio Revised Code Section 505.24, effective September 29, 2011, however, it is still applicable to audit periods prior to September 2011. The Auditor of State issued Bulletin 2011-007 on October 27, 2011 explaining these legislative changes and the impact of these changes on townships.

The Trustees documented their time on time sheets, both before and after the issuance of Auditor of State Bulletin 2011-007, however, the allocation of salaries did not agree to the types of work performed. As a result, the Gasoline Fund paid \$3,948 and the Motor Vehicle License Fund paid \$4,189 for services that should have been paid from the General Fund (\$5,946) and Garbage Fund (\$2,191) in 2011. The Gasoline Fund paid \$3,577 and the Motor Vehicle License Fund paid \$2,189 for services that should have been paid from the General Fund (\$3,313) and Garbage Fund (\$2,453) in 2012. In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the General Fund and Garbage Fund in the amount of \$9,259 and \$4,644 respectively and in favor of the Gasoline Fund and Motor Vehicle License Fund in the amount of \$7,525 and \$6,378, respectively.

We recommend the Township review Auditor of State Bulletin 2011-007 and adopt formal administrative procedures regarding documenting the time spent by the Board of Trustees on various duties. Once these administrative procedures are established, Trustee salary and related benefits should be charged to the actual funds in accordance with the signed certifications of payroll.

FINDING NUMBER 2012-02

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 5705.10 states revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund for such purpose. Further, Ohio Rev. Code Section 5705.10 (C) requires all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**VINTON TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2012-02 (Continued)

Noncompliance Citation/Material Weakness (Continued)

The following audit adjustments were noted during testing to the December 31, 2011 Financial Statements:

Beginning balances were incorrect as prior audit adjustments were not posted. As such, the beginning balance of the General Fund was reduced by \$35,176, Motor Vehicle License (MVL) Fund was reduced by \$2,344, Gasoline Tax Fund was increased by \$33,287, Garbage and Waste Disposal Fund was increased by \$4,737, and the Fire Fund was reduced by \$504.

Fund balance adjustments were made by the Fiscal Officer without approval that increased fund balances. With no support or documentation as to why these adjustments were made, they were eliminated. The beginning balance of the General Fund was reduced by \$3,744, the MVL Fund was reduced by \$1,214 and the Garbage and Waste Disposal Fund was reduced by \$814.

The Township's insurance premium was paid from the Fire Fund in 2011 but should have been paid from the General Fund. The General Fund - General Government expenditures were increased by \$4,211 and the Fire Fund - Public Safety expenditures were reduced by \$4,211.

The Township purchased stone for road work but paid for it from the General Fund rather than the Gasoline Fund. The General Fund - General Government and Health expenditures were reduced by \$5,821 and \$4,381 respectively and the Gasoline Tax Fund - Public Works expenditures were increased by \$10,202.

Road related expenditures were paid correctly from the Gasoline Tax Fund but were posted to General Government rather than Public Works. The Gasoline Tax Fund - General Government expenditures were reduced by \$8,700 and the Gasoline Tax Fund - Public Works expenditures were increased by \$8,700.

The debt payment was posted to the Gasoline Tax Fund and Fire Fund rather than the General Fund. The Gasoline Tax Fund - Public Works expenditures were reduced by \$3,000 and the Fire Fund - Public Safety expenditures were reduced by \$1,380 and the General Fund - Principal and Interest expenditures were increased by \$3,780 and \$600 respectively.

Trustees' salaries were not correctly allocated according to services performed as documented on the timesheets. As such, General Fund - General Government expenditures were increased by \$5,946, Garbage and Waste Disposal Funds - Public Works expenditures increased by \$2,191, MVL Fund - Public Works expenditures were reduced by \$4,189 and Gasoline Tax - Public Works expenditures were reduced by \$3,948.

Advances were made without Trustee approval. To eliminate the advances, General Fund - Advances Out was reduced by \$2,800 and Garbage and Waste Disposal Fund - Advances In was reduced by \$2,800. Additionally, Gasoline Tax Fund - Advances Out were reduced by \$5,600 and Fire Fund - Advances In were reduced by \$5,600.

**VINTON TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2012-02 (Continued)

Noncompliance Citation/Material Weakness (Continued)

Taxes were posted entirely to the General Fund. In addition, several other individual receipts were posted incorrectly. To correct the revenue mispostings the General Fund - Taxes was reduced by \$33,804, General Fund - Intergovernmental was increased by \$6,068, Garbage and Waste Disposal Fund - Taxes was increased by \$15,245, Fire Fund - Taxes was increased by \$1,386, Gasoline Tax Fund - Intergovernmental was increased by \$11,048, MVL Fund - Intergovernmental was reduced by \$3,808, Garbage and Waste Disposal Fund - Intergovernmental was increased by \$3,078 and the Fire Fund - Intergovernmental was increased by \$787.

The following audit adjustments were noted during testing to the December 31, 2012 Financial Statements:

Fund balance adjustments were made by the Fiscal Officer without approval and errors in posting withholding remittances were corrected by making fund balance adjustments. With no support or documentation as to why these adjustments were made, they were eliminated. The beginning balance of the General Fund was increased by \$918, the Gasoline Tax Fund was reduced by \$4,211 and the Fire Fund was reduced by \$4,211. Additionally, General Fund - General Government expenditures were reduced by \$7,504.

Road related expenditures were paid from the General Fund rather than the Gasoline Tax Fund. The General Fund - Health expenditures were reduced by \$12,114 and the Gasoline Tax Fund - Public Works expenditures were increased by \$12,114.

The debt payment was correctly posted to the General Fund but the allocation of principal and interest was incorrect. The General Fund - Principal was reduced by \$199 and General Fund - Interest was increased by \$199.

Trustees' salaries were not correctly allocated according to services performed as documented on the timesheets. As such, General Fund - General Government expenditures were increased by \$3,313, Garbage and Waste Disposal Funds - Public Works expenditures increased by \$2,453, MVL Fund - Public Works expenditures were reduced by \$2,189 and Gasoline Tax - Public Works expenditures were reduced by \$3,577.

Advances were made without Trustee approval. To eliminate the advances, General Fund - Advances Out was reduced by \$2,835, Garbage and Waste Disposal Fund - Advances In were reduced by \$2,505 and Road District Fund - Advances In were reduced by \$330. Additionally, Garbage and Waste Disposal Fund - Advances Out were reduced by \$2,505 and General Fund - Advances In were reduced by \$2,505.

Garbage and Waste Disposal Fund - Fund Balance was incorrectly classified in accordance with GASB-54 as Committed rather than Restricted. Committed Fund Balance was reduced \$3,722 and Restricted Fund Balance was increased by \$3,722.

VINTON TOWNSHIP
VINTON COUNTY

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

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

FINDING NUMBER 2012-02 (Continued)

Noncompliance Citation/Material Weakness (Continued)

Several individual receipts were posted incorrectly. To correct the revenue posting errors the General Fund - Taxes were reduced by \$2,567, General Fund – Intergovernmental receipts were increased by \$14,387, General Fund - Miscellaneous receipts were reduced by \$6,664, General Fund - Other Financing Sources receipts were reduced by \$4,378, Garbage and Waste Disposal Fund - Taxes were decreased by \$1,150, Fire Fund - Taxes were decreased by \$311, Road District Fund - Taxes were reduced by \$476, Gasoline Tax Fund - Intergovernmental receipts were increased by \$8,000, MVL Fund – Intergovernmental receipts were increased by \$1,102, Garbage and Waste Disposal Fund - Intergovernmental receipts were increased by \$2,128, Fire Fund - Intergovernmental receipts were increased by \$516, Road District Fund - Intergovernmental receipts were increased by \$1,289, Gasoline Tax Fund - Miscellaneous receipts were reduced by \$8,000 and MVL Fund - Miscellaneous was reduced by \$3,876.

The audited financial statements and the Township's UAN account system have been adjusted for the issues noted above.

We recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township to ensure the Township's financial statements are complete and accurate.

FINDING NUMBER 2012-03

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.

VINTON TOWNSHIP
VINTON COUNTY

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

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

FINDING NUMBER 2012-03 (Continued)

Noncompliance Citation (Continued)

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

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.

The Fiscal Officer did not properly certify the availability of funds for 86% of transactions tested during 2012 and 1011. Additionally, "then and now" certificates were sometimes used, however, those exceeding \$3,000 were not approved by the Township Trustees by ordinance or resolution though all were signed by the Trustees. The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used, and approved by resolution of the Township Trustees, where applicable.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**VINTON TOWNSHIP
VINTON COUNTY**

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

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

FINDING NUMBER 2012-04

Noncompliance Citation

Auditor of State Bulletin 97-003 describes the accounting treatment for interfund advances. The requirements include, but are not limited to, the following:

In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established.

Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

- A specific statement that the transaction is an advance of cash, and
- An indication of the money (fund) from which it is expected that repayment will be made.

Advances were made in 2011 totaling \$14,400 and in 2012 totaling \$2,835 with \$2,505 returned. All were made without approval by the Board of Trustees except for a \$6,000 advance from the General Fund to Gasoline Fund in 2011 that remains unpaid. Further, in 2011, an advance was made from the Gasoline Fund to the Fire Fund and there is no statutory authority to use Gasoline Fund money for Fire Fund purposes.

We recommend the Fiscal Officer review AOS Bulletin 97-003. Further, we recommend the Township Trustees approve all advances and advance repayments and that advances only be made from creditor funds which can be used for the same purpose as debtor funds.

FINDING NUMBER 2012-05

Significant Deficiency

The Township Fiscal Officer withheld Federal and State Taxes and Ohio Public Employee Retirement System (OPERS) amounts from employees and officials. However, remittance of those withholdings was not always timely. Additionally, during 2011 and 2012, the Township was still paying withholdings from 2009 and 2010 which included assessed interest and penalties. This resulted in the Township paying \$5,401 in Federal Tax remittances, \$762 in State Tax remittances, and \$2,570 in OPERS remittances during 2011 and 2012 that were for prior years. Further, the Fiscal Officer frequently recorded the withholding payments but didn't remit them and then would write another check when the withholdings were finally remitted. This resulted in errors on the 2011 bank reconciliations and the beginning of the year in 2012 bank reconciliations.

We recommend the Fiscal Officer timely remit the amounts withheld from employees' and officials' payroll.

VINTON TOWNSHIP
VINTON COUNTY

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

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2012-06

Significant Deficiency

Public money should be deposited with the designated depository within a reasonable period of time. Per receipt testing, it was noted that receipts were often held several days to several weeks before deposit. Additionally, it was noted that although the township received amounts from the county auditor during January, February and March 2011, the first deposit of 2011 was April 27, 2011. This has resulted in receipts being lost and vendors having to reissue checks. It could also result in theft of township funds.

We recommend the Fiscal Officer deposit receipts with the depository within a reasonable period of time.

Officials' Response to Findings:

Trustees and Fiscal Officer will attempt to correct mistakes and move forward. Also, Local Government Services will assist the Township with eliminating the General Fund deficit.

**VINTON TOWNSHIP
VINTON 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>
2010-001	Financial Reporting Material Weakness and Noncompliance for errors in the financial statements	No	Not Corrected. Repeated in the Schedule of Findings as Finding Number 2012-02
2010-002	Noncompliance for illegal advances	No	Not Corrected. Repeated in the Schedule of Findings as Finding Number 2012-04
2010-003	Noncompliance for not remitting federal and state tax withholdings	No	Not Corrected. Repeated in the Schedule of Findings as Finding Number 2012-05
2010-004	Noncompliance for not remitting PERS withholdings	No	Not Corrected. Repeated in the Schedule of Findings as Finding Number 2012-05
2010-005	Noncompliance for appropriations exceeding actual resources	No	Partially Corrected. Included in a separate letter to management
2010-006	Noncompliance for appropriations exceeding estimated resources	Yes	
2010-007	Noncompliance for not depositing timely	No	Not Corrected. Repeated in the Schedule of Findings as Finding Number 2012-06



Dave Yost • Auditor of State

VINTON TOWNSHIP

VINTON 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 23, 2013