



**Mary Taylor, CPA**  
Auditor of State



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2006 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings .....	19

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 5, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the 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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, 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 Sandy Township, Tuscarawas County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$23,279	\$128,230		\$151,509
Charges for Services	2,230			2,230
Licenses, Permits, and Fees	295	10,500		10,795
Intergovernmental	84,965	128,794	\$33,100	246,859
Special Assessments		6,703		6,703
Earnings on Investments	8,988	6,677		15,665
Miscellaneous	957			957
	<u>120,714</u>	<u>280,904</u>	<u>33,100</u>	<u>434,718</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	122,281	13,231		135,512
Public Safety		50,802		50,802
Public Works		261,993		261,993
Health	1,153	18,940		20,093
Capital Outlay	16,537	15,999	53,528	86,064
	<u>139,971</u>	<u>360,965</u>	<u>53,528</u>	<u>554,464</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(19,257)</u>	<u>(80,061)</u>	<u>(20,428)</u>	<u>(119,746)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Debt Proceeds	16,537			16,537
Sale of Fixed Assets	1,825	110		1,935
Bank Penalties	(149)			(149)
	<u>18,213</u>	<u>110</u>		<u>18,323</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(1,044)	(79,951)	(20,428)	(101,423)
Fund Cash Balances, January 1	214,943	161,936	20,428	397,307
<b>Fund Cash Balances, December 31</b>	<b><u>\$213,899</u></b>	<b><u>\$81,985</u></b>	<b><u>\$0</u></b>	<b><u>\$295,884</u></b>

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$11,256	\$146,286		\$157,542
Charges for Services	1,810			1,810
Licenses, Permits, and Fees	345	10,875		11,220
Intergovernmental	67,356	118,201		185,557
Special Assessments		6,477		6,477
Earnings on Investments	9,220	8,018		17,238
Miscellaneous	8,352	2,023		10,375
	<u>98,339</u>	<u>291,880</u>		<u>390,219</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	144,047	19,479		163,526
Public Safety	200	93,393		93,593
Public Works	106	169,148		169,254
Health	1,160	13,641		14,801
Capital Outlay		14,081		14,081
	<u>145,513</u>	<u>309,742</u>		<u>455,255</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(47,174)</u>	<u>(17,862)</u>		<u>(65,036)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Sale of Fixed Assets	1,370			1,370
Bank Penalties	(551)			(551)
	<u>819</u>			<u>819</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(46,355)	(17,862)		(64,217)
Fund Cash Balances, January 1	<u>261,298</u>	<u>179,798</u>	<u>\$20,428</u>	<u>461,524</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$214,943</u></b>	<b><u>\$161,936</u></b>	<b><u>\$20,428</u></b>	<b><u>\$397,307</u></b>

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sandy Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the following fire departments to provide fire services: East Sparta Volunteer Fire Department, Magnolia Volunteer Fire Department, and the Village of Mineral City Volunteer Fire Department.

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. Cash**

The Township maintains all cash in an interest bearing checking account.

**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.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Fire District Fund – This fund is used to account for tax money levied to provide fire services to residents of the Township.

**3. Capital Projects Fund**

This fund accounts for resources restricted for acquiring or constructing major capital projects.

**E. 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 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 2007 and 2006 budgetary activity appears in Note 3.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

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

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Cash**

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

	2007	2006
Demand deposits	\$116,508	\$204,802
Certificates of deposit	179,376	192,505
Total deposits	295,884	397,307

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,789	\$139,076	(\$2,713)
Special Revenue	349,846	281,014	(68,832)
Capital Projects	0	33,100	33,100
Total	\$491,635	\$453,190	(\$38,445)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,531	\$140,120	\$181,411
Special Revenue	493,185	360,965	132,220
Capital Projects	73,100	53,528	19,572
Total	\$887,816	\$554,613	\$333,203

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**3. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,576	\$99,709	\$3,133
Special Revenue	236,450	291,880	55,430
Capital Projects	0	0	0
Total	\$333,026	\$391,589	\$58,563

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,118	\$146,064	(\$42,946)
Special Revenue	421,208	309,742	111,466
Capital Projects	20,428	0	20,428
Total	\$544,754	\$455,806	\$88,948

**4. Noncompliance**

Contrary to the Ohio Rev. Code Section 5705.40, the Fiscal Officer amended appropriations at the legal level of control without Board approval. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the legal level of control during 2007 and 2006.

Contrary to the Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources in certain funds as of December 31, 2007 and 2006.

Contrary to the Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations at the legal level of control as of December 31, 2007 and 2006.

**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.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**5. Property Tax (Continued)**

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, 2007 was as follows:

	Principal	Interest Rate
Promissory Note	\$11,189	5.00%

During 2007, the Township issued a promissory note to finance the purchase of a new backhoe. The original amount of the debt was \$16,636.

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

	Promissory Note
Year ending December 31:	
2008	\$8,760
2009	2,920
Total	\$11,680

**7. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**8. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**This page intentionally left blank.**





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Township Board of Trustees:

We have audited the financial statements of Sandy Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 5, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003, and 2007-006.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-003 is also a material weakness.

We also noted certain matters that we reported to the Township's management in a separate letter dated December 5, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2007-003 through 2007-005.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated December 5, 2008.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

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

**FINDING NUMBER 2007-001**

**Significant Deficiency**

**Classification of Receipts and Expenditures**

During 2006, the following misclassifications and errors were noted:

- Certain personal property reimbursements and public utility reimbursements receipts from the County Auditor in the amount of \$10,142 in the General Fund were originally classified as Taxes rather than Intergovernmental.
- Certain town hall rent receipts in the amount of \$1,810 in the General Fund were originally classified as Miscellaneous rather than Charges for Services.
- Certain zoning permits and fee receipts in the amount of \$160 and \$185 in the General Fund were originally classified as Miscellaneous and Other Financing Sources, respectively, rather than Licenses, Permits and Fees.
- Proceeds from the sale of used equipment in the amount of \$720 and \$650 in the General Fund were originally classified as Miscellaneous and Other Financing Sources, respectively, rather than Sale of Assets.
- Certain personal property tax receipts in the amount of \$305 in the Special Revenue Fund were originally classified as Intergovernmental rather than Taxes.
- Certain FEMA receipts in the amount of \$3,682 in the Special Revenue Fund were originally classified as Miscellaneous rather than Intergovernmental.
- Certain cemetery fee receipts in the amount of \$4,325 in the Special Revenue Fund were originally classified as Miscellaneous rather than Licenses, Permits and Fees.
- Bank penalties for early withdrawal in the amount of \$551 and interest earnings in the amount of \$2,107 related to certificates of deposits were not originally recorded as Other Financing Uses and Earnings on Investments, respectively, in the General Fund.

During 2007, the following misclassifications and errors were noted:

- Bank fees in the amount of \$99 in the General Fund related to debt issuance were not originally recorded as Debt Proceeds.
- Certain town hall rent receipts in the amount of \$2,230 in the General Fund were originally classified as Miscellaneous rather than Charges for Services.
- Certain zoning permits and fee receipts in the amount of \$50 and \$245 in the General Fund were originally classified as Miscellaneous and Other Financing Sources, respectively, rather than Licenses, Permits and Fees.
- Certain receipts from the County Auditor in the amount of \$207 and \$20,000 in the General Fund were originally classified as Miscellaneous and Other Financing Sources, respectively, rather than Intergovernmental.
- Debt payments in the amount of \$5,351 and \$480 in the Special Revenue Fund were originally classified as Capital Outlay expenditures rather than Principal and Interest payments, respectively.
- Certain excess kilowatt hour, homestead and rollback, personal property reimbursements and public utility reimbursements in the amount of the \$23,662 in the Special Revenue Fund were originally classified as Taxes rather than Intergovernmental.

### **FINDING NUMBER 2007-001**

#### **Significant Deficiency (Continued)**

- Proceeds from the sale of used equipment in the amount of \$110 in the Special Revenue Fund were originally classified as Miscellaneous rather than Sale of Assets.
- Certain cemetery fee receipts in the amount of \$4,825 in the Special Revenue Fund were originally classified as Miscellaneous rather than Licenses, Permits and Fees.
- Bank penalties for early withdrawal in the amount of \$149 and interest earnings in the amount of \$389 related to certificates of deposit were not originally recorded as Other Financing Uses and Earnings on Investments, respectively, in the General Fund.

As a result, the above receipt and expenditure line items were initially overstated/understated. The financial statements have been adjusted for material items.

The Township Fiscal Officer and the Board of Trustees should regularly monitor the classification of all receipts and expenditures to help ensure Township receipts and expenditures are accurately recorded in accordance with the Ohio Township Handbook.

### **FINDING NUMBER 2007-002**

#### **Significant Deficiency**

##### **Estimated Receipts**

During 2007, the Estimated Receipts recorded on the Comparison of Budget and Actual Receipts report did not reconcile to the Amended Certificate of Estimated Resources approved by the County Budget Commission by \$2,300 in the General Fund and by \$64,781 in the Special Revenue Fund. During 2006, the Estimated Receipts recorded on the Comparison of Budget and Actual Receipts report did not reconcile to the Amended Certificate of Estimated Resources approved by the County Budget Commission by \$24,199 in the General Fund and by \$85,512 in the Special Revenue Fund. This could result in budgetary noncompliance and limits the ability of the Board of Trustees to monitor the Township's approved budget and actual amounts during the course of the fiscal year. The notes to the financial statements have been adjusted for material amounts.

The Township Fiscal Officer should reconcile the Certificate of Estimated Resources to the Comparison of Budget and Actual Receipts report for completeness and accuracy. This will help reduce the risk of budgetary noncompliance and inaccurate budgetary comparison.

#### FINDING NUMBER 2007-003

##### Material Weakness and Noncompliance Citation

**Ohio Rev. Code Section 5705.40** provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation. Transfers may be made by resolution or ordinance from one appropriation item to another. *Burkholder v. Lauber* (1965), 6 Ohio Misc. 152, indicates that a local government's governing board is prohibited from delegating those discretionary duties statutorily assigned to it. Following such reasoning, a governing board is prohibited from delegating the ability to amend appropriations as provided for in Ohio Rev. Code Section 5705.40.

During 2007 and 2006, the Fiscal Officer amended appropriations at the legal level of control without Board approval. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the fund level during 2006 by \$4,394 for the Special Revenue Fund and \$20,428 for the Capital Projects Fund. The notes to the financial statements have been adjusted to exclude appropriation amendments not specifically approved by the Board at the fund level during 2007 by \$164,643 for the General Fund, by \$33,800 for the Special Revenue Fund and \$19,572 for the Capital Projects Fund. The Board of Trustees should specifically approve all amendments to appropriations at the legal level of control. Ohio Rev. Code Section 5705.38(C) requires the minimum level of budgetary control for townships so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

#### FINDING NUMBER 2007-004

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

As of December 31, 2007, appropriations exceeded estimated resources in the Gasoline Tax Fund, Road and Bridge Fund, Sandyville Lighting Fund and Capital Projects Public Works Commission Fund by \$7,278, \$10,302, \$592 and \$20,000, respectively. As of December 31, 2006, appropriations exceeded estimated resources in the Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund by \$7,240, \$10,568, and \$382, respectively. In addition, the beginning balances included on the Amended Official Estimate of Resources were incorrect and the Township did not always obtain certificates from the County Auditor that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation amendments.

The Board of Trustees should monitor beginning balances and appropriations versus estimated resources to help avoid overspending and ensure accuracy. In addition, the Fiscal Officer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

#### **FINDING NUMBER 2007-005**

##### **Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

As of December 31, 2006, expenditures exceeded appropriations within the General Fund by \$42,946. As of December 31, 2007, expenditures exceeded appropriations at the legal level of control within the Special Revenue Fund by \$419 and within the Capital Projects Fund by \$428. The Township Fiscal Officer and Board of Trustees should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending.

#### **FINDING NUMBER 2007-006**

##### **Significant Deficiency**

###### **Fire Department Supplemental Contracts**

During 2007 and 2006, the Township entered into formal written agreements with three separate fire departments to provide fire protection services at a cost of \$69,000. Subsequent to the original contracts, the Board of Trustees approved an additional \$70,500 to be paid as supplemental contracts as evidenced in the Board's minute records. However, the Township did not amend the original contracts in writing which increases the risk that terms of the supplemental contracts could not be enforced. However, the risk of material error is mitigated based on the services provided by the original contracts with the fire departments.

To ensure the responsibilities of all parties are documented, the Township should ensure any contract amendments or revisions are documented in writing.

**Officials' Response:** The Township's current Fiscal Officer took office on April 1, 2008 and has been made aware of the issues disclosed in the Findings noted above. The Fiscal Officer and Board of Trustees have begun to take corrective action to address these issues.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Rev. Code Section 5705.28 – The Board of Trustees did not adopt an annual tax budget for 2005 or 2004.	Yes	Finding No Longer Valid
2005-002	Ohio Rev. Code Section 5705.36 – The Township did not file its certificate of available revenue for 2005 or 2004 with the County Auditor.	Yes	Finding No Longer Valid
2005-003	Ohio Rev. Code Section 5705.38 – The Township did not adopt any appropriation measures for 2005 and 2004.	Yes	Finding No Longer Valid
2005-004	Ohio Rev. Code Section 5705.41(B) – The Township did not record appropriations into the UAN system or encumber funds to be spent.	No	Partially Corrected – Refer to Finding Number 2007-005
2005-005	Ohio Rev. Code Section 5705.41(D) – During the audit period, 59% of the expenditures tested were not certified by the Clerk prior to incurring the obligation.	No	Partially Corrected – Refer to Management Letter
2005-006	Ohio Rev. Code Section 135.18 – During 2005 and 2004, the Township had funds on deposit with its financial institution which were not collateralized.	Yes	Finding No Longer Valid

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-007	Bank Reconciliation and Errors in Recording Transactions – The Township was unable to reconcile fund balances to bank balances.	Yes	Finding No Longer Valid
2005-008	Financial Records for 2005 and 2004 – The Township’s accounting records were maintained in a manner such that interim financial activity and annual financial statements could not be prepared.	Yes	Finding No Longer Valid
2005-009	Budgetary Monitoring Controls – The Township did not monitor budgetary controls designed to help ensure material budgetary laws were followed.	No	Refer to Findings 2007-003, 2007-004 and 2007-005





**Mary Taylor, CPA**  
Auditor of State

**SANDY TOWNSHIP**

**TUSCARAWAS 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  
JANUARY 22, 2009**