



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP
BELMONT COUNTY

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Mary Taylor, CPA
Auditor of State

York Township
Belmont County
55850 Little Captina Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

June 19, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

York Township
Belmont County
55850 Little Captina Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, 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 York Township, Belmont County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2009, 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

June 19, 2009

**YORK TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$21,901	\$51,198			\$73,099
Intergovernmental	64,579	110,789		\$144,329	319,697
Earnings on Investments	86	131			217
Total Cash Receipts	<u>86,566</u>	<u>162,118</u>		<u>144,329</u>	<u>393,013</u>
Cash Disbursements:					
Current:					
General Government	68,759				68,759
Public Safety		28,171			28,171
Public Works		161,330			161,330
Health	4,262				4,262
Capital Outlay		19,895		144,329	164,224
Total Cash Disbursements	<u>73,021</u>	<u>209,396</u>		<u>144,329</u>	<u>426,746</u>
Total Cash Receipts Over/(Under) Cash Disbursements	13,545	(47,278)		0	(33,733)
Fund Cash Balances, January 1	<u>47,343</u>	<u>169,462</u>	<u>\$1,983</u>	<u>3,499</u>	<u>222,287</u>
Fund Cash Balances, December 31	<u>\$60,888</u>	<u>\$122,184</u>	<u>\$3,966</u>	<u>\$3,499</u>	<u>\$188,554</u>

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

YORK TOWNSHIP
BELMONT 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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$22,144	\$69,164			\$91,308
Intergovernmental	61,186	149,169		\$200,374	410,729
Earnings on Investments	103	185			288
Miscellaneous	58				58
Total Cash Receipts	<u>83,491</u>	<u>218,518</u>		<u>200,374</u>	<u>502,383</u>
Cash Disbursements:					
Current:					
General Government	78,426	150			78,576
Public Safety		20,650			20,650
Public Works		146,602			146,602
Health	4,018				4,018
Capital Outlay	35,000	25,158		303,628	363,786
Total Cash Disbursements	<u>117,444</u>	<u>192,560</u>		<u>303,628</u>	<u>613,632</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(33,953)	25,958		(103,254)	(111,249)
Fund Cash Balances, January 1	<u>81,296</u>	<u>143,504</u>	<u>\$1,983</u>	<u>106,753</u>	<u>333,536</u>
Fund Cash Balances, December 31	<u>\$47,343</u>	<u>\$169,462</u>	<u>\$3,966</u>	<u>\$3,499</u>	<u>\$222,287</u>

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

**YORK TOWNSHIP
BELMONT COUNTY**

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

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 York Township, Belmont 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 Powhatan Point Volunteer Fire Department to provide fire protection and emergency medical services.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

**YORK TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The Debt Service Funds are used to accumulate resources for the payment of bond and note indebtedness. The Township's Debt Service Funds had no receipt or disbursement activity for the years ended December 31, 2008 and 2007.

4. Capital Project Funds

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

Miscellaneous Capital Projects Fund - This fund receives grants to fund the repair and replacement of various Township roads and bridges damaged by land slides and flooding.

Ohio Public Works Commission Fund - This fund receives grants to fund paving and slip repair projects for Township roads.

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 re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

**YORK TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. 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.

F. 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 Deposits

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

	2008	2007
Demand deposits	\$188,554	\$222,287

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007, follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,423	\$86,566	\$2,143
Special Revenue	143,300	162,118	18,818
Capital Projects		144,329	144,329
Total	\$227,723	\$393,013	\$165,290

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,290	\$73,021	\$50,269
Special Revenue	284,802	209,396	75,406
Debt Service	1,524		1,524
Capital Projects	3,499	144,329	(140,830)
Total	\$413,115	\$426,746	(\$13,631)

**YORK TOWNSHIP
BELMONT COUNTY**

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

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,073	\$83,491	\$418
Special Revenue	194,413	218,518	24,105
Capital Projects	152,156	200,374	48,218
Total	\$429,642	\$502,383	\$72,741

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,834	\$117,444	\$34,390
Special Revenue	279,223	192,560	86,663
Debt Service	1,524		1,524
Capital Projects	106,754	303,628	(196,874)
Total	\$539,335	\$613,632	(\$74,297)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Ohio Public Works Commission Fund by \$144,329 for the year ended December 31, 2008. Also, for the year ended December 31, 2007, budgetary expenditures exceeded appropriation authority in the Miscellaneous Capital Projects Fund by \$196,880.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**YORK TOWNSHIP
BELMONT COUNTY**

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

5. 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 plans' benefits, which includes postretirement healthcare and survivor and disability benefits.

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

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance coverage to one elected official and one employee.

7. 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.

8. Subsequent Events

On January 13, 2009, the Township awarded a bid for the purchase of a new dump truck in the amount of \$35,662. On January 28, 2009, the Township approved Resolution 09-28-01 to finance the purchase through a local financial institution. The principal of the loan is \$25,000 over a period of four years and at an annual interest rate not to exceed 4.25%.

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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*

York Township
Belmont County
55850 Little Captina Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited the financial statements of York Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 19, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified 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 findings 2008-002, 2008-005, and 2008-006 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-002 and 2008-006 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 19, 2009.

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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 19, 2009.

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



Mary Taylor, CPA
Auditor of State

June 19, 2009

**YORK TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-001

Finding for Recovery - Repaid Under Audit

The Board of Trustees hired Curt Ingold on September 9, 2008 as the road foreman at a pay rate of \$12.00 per hour.

A calculation error was found in Mr. Ingold's timesheet for December 2008 in which total hours paid exceeded total hours worked by forty (40) hours, resulting in an overpayment of four hundred-eighty dollars (\$480).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28 a Finding for Recovery for public monies illegally expended is hereby issued against Curt Ingold, Township road foreman, in the amount of four hundred eighty dollars (\$480), and in favor of York Township's Gasoline Tax Fund.

On May 21, 2009, Curt Ingold paid \$480 in cash to the Fiscal Officer as repayment and this amount was deposited into the Township's bank account.

FINDING NUMBER 2008-002

Noncompliance and Material Weakness

The Auditor of State provided, through Auditor of State Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on behalf of grants and loans.

Ohio Rev. Code Section 5705.42 states when the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of Section 5705.41 of the Revised Code.

Ohio Rev. Code Section 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting such excess.

During 2008, the Township did not record Belmont County Engineer Issue II grant transactions on their accounting records or financial statements in the amount of \$41,606. Also during 2008, the Township did not record Ohio Public Works Commission grant transactions on their accounting records or financial statements in the amount of \$102,723.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-002
(Continued)**

Noncompliance and Material Weakness (Continued)

Auditor of State Bulletins 2000-008 and 2002-004 (Continued)

During 2007, the Township did not record Belmont County Commissioners Appalachian Regional Commission grant transactions on the accounting records or financial statements in the amount of \$24,093.

The Fiscal Officer did not record the subsequent expenditure of these monies on the accounting records or financial statements, nor did the Fiscal Officer amend estimated revenues for these on behalf of monies received in 2008 and 2007. The Fiscal Officer did not record the amount deemed appropriated in the accounting system.

Adjustments with which the Township officials' agree are reflected within the accompanying financial statements.

We recommend the Township refer to Auditor of State Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all County Issue II, Ohio Public Works Commission and County Appalachian Regional Commission grant funding expended directly to contractors on behalf of the Township. We further recommend the Township follow the budgetary scheme of Chapter 5705 of the Revised Code and monitor appropriations, amending them as appropriate to record these funds.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

As of December 31, 2008, the following fund reflected expenditures which exceeded appropriations at the legal level of budgetary control:

Fund/Function	Appropriations	Expenditures	Variance
Ohio Public Works Commission			
Capital Outlay	\$0	\$144,329	(\$144,329)

As of December 31, 2007, the following fund reflected expenditures which exceeded appropriations at the legal level of budgetary control:

Fund	Appropriations	Expenditures	Variance
Miscellaneous Capital Projects			
Capital Outlay	\$106,748	\$303,628	(\$196,880)

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-003
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

We recommend the Board of Trustees and Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Township Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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:

Then and Now Certificate – If the fiscal officer can certify that both at the time 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 encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Township 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.

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.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-004
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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.

No obligations paid by the Township had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, and free from any previous encumbrance. Purchase orders were printed and contained the certification language; however, they were not signed by the Fiscal Officer.

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

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 the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Township certify purchases to which Ohio Rev. Code 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 prior to the Township incurring 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.

FINDING NUMBER 2008-005

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised April 2009) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-005
(Continued)**

Significant Deficiency (Continued)

During 2008 and 2007, the Township did not always post receipts to accurate receipt classifications, based upon the source of the receipt. For example, local government equipment revenues of \$12,000 were posted as Property Taxes instead of Intergovernmental for 2008. Local government equipment revenues of \$12,000 were posted as Miscellaneous instead of Intergovernmental for 2007. In addition, local government revenues of \$9,114 were posted as Property Taxes instead of Intergovernmental for 2007.

Material adjustments with which the Township officials' agree are reflected within the accompanying financial statements.

We recommend the Township utilize available authoritative resources to appropriately classify receipt transactions.

FINDING NUMBER 2008-006

Material Weakness

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Fiscal Officer did not properly post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following table details these variances:

2008				
<u>Fund</u>	<u>Amount per Last Amended Certificate</u>	<u>Amount Posted to Accounting System</u>	<u>Variance</u>	
General	\$84,423	\$81,400	\$3,023	
Motor Vehicle License Tax	10,000	10,070	(70)	
Gasoline Tax	85,000	50,200	34,800	
Road and Bridge	24,500	29,000	(4,500)	
Fire and EMT Levy	23,800	21,600	2,200	
Miscellaneous Special Revenue	0	464	(464)	
Department of Agriculture	0	5,000	(5,000)	
Miscellaneous Debt Service	0	1,524	(1,524)	
Miscellaneous Capital Projects	0	3,494	(3,494)	

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-006
(Continued)**

Material Weakness (Continued)

2007				
<u>Fund</u>	<u>Amount per Last Amended Certificate</u>	<u>Amount Posted to Accounting System</u>	<u>Variance</u>	
General	\$83,073	\$178,889	(\$95,816)	
Motor Vehicle License Tax	10,020	21,460	(11,440)	
Gasoline Tax	80,120	158,981	(78,861)	
Road and Bridge	43,500	78,578	(35,078)	
Fire and EMT Levy	20,800	44,580	(23,780)	
Department of Agriculture	40,000	35,000	5,000	
Ohio Public Works Commission	0	200,000	(200,000)	

The Fiscal Officer did not properly post budgeted appropriations to the accounting system. Variances existed between the appropriation resolution and the amounts posted to the accounting system throughout the year. The following table details these variances:

2007				
<u>Fund</u>	<u>Approved Appropriations</u>	<u>Amount Posted to Accounting System</u>	<u>Variance</u>	
General	\$151,834	\$159,834	(\$8,000)	
Department of Agriculture	40,000	35,000	5,000	
Miscellaneous Capital Projects	106,748	283,029	(176,281)	

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Trustees and only include budgeted receipts as certified by the County Auditor.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-006
(Continued)**

Material Weakness (Continued)

We recommend the Board of Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after the required approvals have been obtained. We also recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**YORK TOWNSHIP
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	Ohio Admin. Code Section 117-2-02(C)(1), not always posting budgeted receipts and appropriations within the accounting system in the correct amounts.	No	Not Corrected; Repeated as Finding No. 2008-006.
2006-002	Ohio Rev. Code Section 5705.41(B), expenditures exceeding appropriations.	No	Not Corrected; Repeated as Finding No. 2008-003.
2006-003	Ohio Rev. Code Section 5705.41(D)(1), not always obtaining prior certification of available funds.	No	Not Corrected; Repeated as Finding No. 2008-004.
2006-004	Ohio Rev. Code Section 9.11, use of rubber stamp signatures on checks.	Yes	N/A.
2006-005	Ohio Admin. Code Section 117-2-01(A), no monthly financial activity provided to Township Trustees for review and approval.	No	Partially Corrected; Repeated within the management letter.
2006-006	No timely approval of listing of bills due to be paid or voucher packages.	Yes	N/A.
2006-007	Not accounting for federal receipts using non-federal receipts procedures.	N/A	Finding No Longer Valid.
2006-008	44 CFR 13.20(a)(2) and 44 CFR 206.205(a), no separate accounting of the costs of each Disaster Survey Report.	N/A	Finding No Longer Valid.
2006-009	44 CFR 206.204(f) and Ohio EMA Handbook Tab G, untimely submission of quarterly progress reports to the Ohio EMA.	N/A	Finding No Longer Valid.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-010	Circular A-87 Attachment A, C(1)(J) and 44 CFR 13.20(b)(6), no invoices to support checks written to project contractors.	N/A	Finding No Longer Valid.



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP

BELMONT 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 14, 2009**