

**EDEN TOWNSHIP  
WYANDOT COUNTY, OHIO**

*FINANCIAL STATEMENTS*  
DECEMBER 31, 2008 AND 2007

**WOLF, ROGERS, DICKEY & CO.**  
*Certified Public Accountants*





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Eden Township  
8512 SH 231  
Nevada, Ohio 44849

We have reviewed the *Independent Auditors' Report* of Eden Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Eden Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 16, 2010

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Eden Township  
Wyandot County, Ohio

For the Years Ended  
December 31, 2008 and 2007

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## Independent Auditors' Report

Eden Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Eden Township, Wyandot 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 opinions 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. We believe that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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 their 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 and reserves for encumbrances of Eden Township, Wyandot 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 December 9, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

December 9, 2009



**Eden Township**  
**Wyandot County, Ohio**  
**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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 7,148	8,401	-	15,549
Charges for services	-	1,668	-	1,668
Intergovernmental	24,903	82,540	27,168	134,611
Earnings on investments	2,904	1,608	-	4,512
Miscellaneous	<u>19,142</u>	<u>-</u>	<u>-</u>	<u>19,142</u>
Total cash receipts	54,097	94,217	27,168	175,482
Cash disbursements:				
Current:				
General government	85,271	2,736	-	88,007
Public safety	5,397	-	-	5,397
Public works	-	88,792	27,168	115,960
Health	5,608	4,459	-	10,067
Capital outlay	<u>2,798</u>	<u>-</u>	<u>-</u>	<u>2,798</u>
Total cash disbursements	<u>99,074</u>	<u>95,987</u>	<u>27,168</u>	<u>222,229</u>
Total receipts (under) disbursements	(44,977)	(1,770)	-	(46,747)
Fund cash balances, January 1	<u>117,794</u>	<u>215,042</u>	<u>-</u>	<u>332,836</u>
Fund cash balances, December 31	\$ <u>72,817</u>	<u>213,272</u>	<u>-</u>	<u>286,089</u>
Reserves for encumbrances	\$ <u>-</u>	<u>1,938</u>	<u>-</u>	<u>1,938</u>

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

**Eden Township**  
**Wyandot County, Ohio**  
**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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 5,930	8,102	14,032
Licenses, permits and fees	-	475	475
Intergovernmental	75,097	102,171	177,268
Earnings on investments	3,646	1,299	4,945
Miscellaneous	<u>19,230</u>	<u>77</u>	<u>19,307</u>
Total cash receipts	103,903	112,124	216,027
Cash disbursements:			
Current:			
General government	45,340	-	45,340
Public safety	5,397	-	5,397
Public works	-	86,580	86,580
Health	5,390	925	6,315
Capital outlay	<u>-</u>	<u>5,487</u>	<u>5,487</u>
Total cash disbursements	<u>56,127</u>	<u>92,992</u>	<u>149,119</u>
Total receipts over disbursements	47,776	19,132	66,908
Other financing receipt -			
Sale of fixed assets	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total other financing receipts	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total receipts over disbursements	50,276	19,132	69,408
Fund cash balances, January 1	<u>67,518</u>	<u>195,910</u>	<u>263,428</u>
Fund cash balances, December 31	\$ <u>117,794</u>	<u>215,042</u>	<u>332,836</u>
Reserves for encumbrances	\$ <u>-</u>	<u>510</u>	<u>510</u>

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

**Eden Township  
Wyandot County, Ohio  
Notes to the Financial Statements  
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

*Description of the Entity*

Eden Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge and cemetery maintenance. The Township contracts with the Village of Sycamore for fire and emergency medical protection.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

*Basis of Accounting*

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State of Ohio.

*Cash and Investments*

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

*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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate, property tax and other revenues collected to construct, maintain and repair Township roads.

Cemetery Fund – This fund receives money from fees and services to maintain the general upkeep of the cemeteries.

Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Issue I Fund – The Township received a grant from the State of Ohio to repair Township roads.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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.

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.

**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

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

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment pool used by all funds. The ORC prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 231,089	207,798
Certificates of deposit	<u>55,000</u>	<u>125,038</u>
Total deposits	\$ <u>286,089</u>	<u>332,836</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

(3) Budgetary Activity

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

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 66,370	54,097	(12,273)
Special Revenue	116,815	94,217	(22,598)
Capital Projects	<u>-</u>	<u>27,168</u>	<u>27,168</u>
Total	\$ <u>183,185</u>	<u>175,482</u>	<u>(7,703)</u>

**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(3) Budgetary Activity, continued

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>				
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>		<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>		
General	\$ 188,316	99,074		89,242
Special Revenue	324,420	97,925		226,495
Capital Projects	<u>          -</u>	<u>27,168</u>		<u>(27,168)</u>
Total	\$ <u>512,736</u>	<u>224,167</u>		<u>288,569</u>

<u>2007 Budgeted vs. Actual Receipts</u>				
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>		<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>		
General	\$ 89,885	106,403		16,518
Special Revenue	<u>120,227</u>	<u>112,124</u>		<u>(8,103)</u>
Total	\$ <u>210,112</u>	<u>218,527</u>		<u>8,415</u>

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>				
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>		<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>		
General	\$ 158,312	56,127		102,185
Special Revenue	<u>311,110</u>	<u>93,502</u>		<u>217,608</u>
Total	\$ <u>469,422</u>	<u>149,629</u>		<u>319,793</u>

Although there were unfavorable variances in 2008 between actual and budgeted receipts, actual expenditures did not exceed actual available revenue in any fund.

(4) Property Tax

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

**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(4) Property Tax, continued

Tangible personal property 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) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) 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 Workers' 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. APEEP provides supplemental risk coverage for claims exceeding OTARMA claims coverage.

*Casualty Coverage*

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the OTARMA Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust APEEP's retained earnings, APEEP provides "excess of funds available" coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(6) Risk Management, continued

*Property Coverage*

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

*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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	\$ <u>29,852,866</u>	<u>29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.



**Eden Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(6) Risk Management, continued

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2006	\$ 3,093
2007	2,508
2008	2,451

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

(7) Related Party Transactions

A Township Trustee's brother owns and operates an excavating company that provides services to the Township. The Trustee abstained from voting for the approval of contracting with this company. In 2008, the Township paid \$1,000 for services performed.

(8) Compliance

Contrary to Ohio or federal law:

- The Township did not encumber for contracts that extended beyond the end of 2008 and 2007.
- Gasoline Tax Fund was not spent in accordance with restrictions in 2008.
- The Township did not encumber all funds prior to expenditure.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- A reduced amended certificate of estimated resources was not obtained from the budget commission when actual receipts to be collected fell short of estimates for 2008 and 2007. Available estimated resources were below the current level of appropriation for the General Fund by \$4,152 and \$909 in 2008 and 2007, respectively.
- Bond coverage for the fiscal officer in 2008 was less than the minimum requirement.
- In 2008, the Township did not record the Issue II Road Project activity. Appropriations in the Capital Project Fund were not sufficient to cover the entire amount of expenditure that the Ohio Public Works Commission made for the project and the certificate of amended resources was not increased to reflect this activity.

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**Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters,  
Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

Eden Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Eden Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 9, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

## 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 considered Findings 2008-01, 2008-02 and 2008-06 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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 considered to be material weaknesses. However, of the significant deficiencies described above we consider Finding 2008-01 to be a material weakness.

#### Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Findings 2008-02 through 2008-09.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated December 9, 2009.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolf, Rogers, Dickey & Co.*

Certified Public Accountants

December 9, 2009

**Eden Township  
Wyandot County, Ohio  
Schedule of Findings  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-01  
Significant deficiency/material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the code.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In all applicable funds for both years, Local Government revenue receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amounts totaled \$1,556 and \$3,140 for 2008 and 2007, respectively.
- In 2008, Real Estate Tax revenue was recorded entirely to the General Fund. Special Revenue receipts were reclassified in the amount of \$8,401.
- In all applicable funds, rollback/homestead exemption receipts from the State of Ohio were reclassified from Local Taxes to Intergovernmental Revenue for 2008. The amount totaled \$1,192.
- In 2008 payments from individual Trustees to reimburse the Township for health insurance were reclassified from Licenses, Permits and Fees to Miscellaneous. The amount totaled \$10,826.
- In various special revenue funds for 2007, \$4,963 of miscellaneous expenditures were reclassified to General Government and \$1,318 of improvement expenditures were reclassified to Public Works.
- In 2007, other financing receipts of \$10,075 were reclassified to Sale of Fixed Assets of \$2,500 and miscellaneous receipts totaling \$7,575 for insurance reimbursement and other small receipts.
- In 2008, in various funds \$1,170 was reclassified from Public Safety to Health, \$2,798 was reclassified from Public Works to Capital Outlay and \$122 was reclassified from Public Works to Health.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit was completed were inaccurate.

Response by Township

No response received.

**Eden Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-02  
Significant deficiency/noncompliance

Effective October 19, 2004, Ohio Attorney General Opinion 2004-36 (the opinion) requires trustees to establish administrative procedures to document the proportionate amount of salaries chargeable to funds other than the General Fund based on the kinds of services rendered. The opinion is clear that arbitrary allocation percentages are not permissible, and requires that once the government has been informed of this requirement, future findings of this nature will be findings in the *GAGAS* report and material amounts will be subject to reclassification to the General Fund.

In 2008, the Township allocated all of the Trustees salaries to the Gasoline Tax Fund. The Trustees did not maintain monthly time logs to support this allocation. Adjustments of \$13,991 for 2008 have been made to charge Trustee salaries and associated withholdings to the General Fund. The Township was informed of this documentation requirement in the prior management letter dated March 6, 2008.

Response by Township

No response received.

Finding Number 2008-03  
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for twenty-six of the twenty-seven disbursements tested.

Response by Township

No response received.

**Eden Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-04  
Noncompliance

ORC Section 5705 sets forth a method that provides for a uniform budget and appropriation process in order to assure that the government entity expends no more than it expects to receive in revenue. In order to accomplish this, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. Thus, a procedure is still required to account for receipt and expenditure. That method is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action.

In 2008 the Township was the beneficiary of \$27,168 of Issue I money through the Wyandot County Auditor. This activity was not recorded on the ledgers of the Township. Since the county paid the invoices, the Township did not receive this cash. However, the Auditor of State Bulletins 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect these amounts in a Capital Project Fund. These funds were not appropriated causing expenditures to exceed appropriations in the Capital Projects Fund by \$27,168 in 2008 contrary to ORC 5705.41(B) which requires all expenditures to be appropriated. Contrary to ORC Section 5705.36 an increased amended certificate of estimated resources was not obtained.

Response by Township

No response received.

Finding Number 2008-05  
Noncompliance

ORC Section 507.03 prescribes minimum bond requirements for the fiscal officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the Official Certificate of Estimated Resources for 2008 was \$512,736, which would require a minimum bond of \$110,000 for the Fiscal Officer. The Fiscal Officer's bond coverage in effect was \$85,000.

Response by Township

No response received.

**Eden Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-06  
Significant deficiency/noncompliance

The Township provides a health insurance policy and reimburses health insurance premiums for its elected officials who do not participate in the Township plan pursuant to a resolution adopted December 10, 2007.

ORC 505.60 states that if an elected official elects not to participate in the Township's health care plan, the Township may reimburse the officer for each out-of-pocket premium that the officer incurs for insurance policies but not to exceed an amount equal to the average premium paid by the Township for its officers and employees under policies it procures.

In the resolution adopted by the Township, it does not establish a maximum amount of reimbursement. The amount should be listed as the amount equal to the average premium paid by the Township for its officers under policies it procures.

Response by Township

No response received.

Finding Number 2008-07  
Noncompliance

ORC Section 5705.36 provides that on or about the first day of each fiscal year, the fiscal officer shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget, with any balances that may exist at the end of preceding year. It further provides that encumbered but unexpended funds from the previous year shall not be included as available. This is generally referred to as the "first amended" certificate of estimated resources and shall serve as the basis of the annual appropriation resolution. ORC Section 5705.36 additionally provides that total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund.

For 2007, beginning balances on the third amended certificate did not agree to financial reports filed with the Auditor of State for any fund except the General Fund.

**Eden Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-07, continued

In addition, in 2007, appropriations entered into the manual accounting records for the Gasoline Tax Fund did not agree to the adopted appropriation measure. However, actual budgetary expenditures did not exceed the amount entered in the ledger. Accurate approved budgetary amounts are necessary to allow for appropriate expenditures lawfully adopted by the Township.

For 2008, the estimated resources did not agree to amounts entered into the Uniform Accounting Network (UAN) for the General and Road and Bridge Funds.

Additionally, in 2008, appropriations entered into the UAN for the General and Cemetery Funds did not agree to the adopted appropriation measure. However, actual budgetary expenditures did not exceed the amount entered in UAN.

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input. In addition, inaccurate appropriation data in the UAN system allowed expenditures in excess of the actual appropriations lawfully adopted by the Township for one of the funds.

Response by Township

No response received.

Finding Number 2008-08  
Noncompliance

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the fiscal officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as a fixed charge. We identified two contract payments for \$1,938 and \$510 extending beyond the 2008 and 2007 year ends, respectively, that were not encumbered. These encumbrances are reflected in the audited financial statements.

Response by Township

No response received.



**Eden Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-09  
Noncompliance

ORC Section 5705.39 states that the total appropriations for each fund should not exceed the total estimated resources (cash available at the beginning of the year plus estimated receipts for the year).

The appropriations exceeded estimated resources in the General Fund by \$4,152 and \$909 in 2008 and 2007, respectively.

Response by Township

No response received.

**Eden Township  
Wyandot County, Ohio  
Schedule of Prior Audit Findings  
December 31, 2008 and 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2006-001	Recording Issue I activity	No	Reissued as Finding 2008-04
2006-002	ORC 5705.41 Fiscal Officer must certify the commitment of money prior to the expenditure taking place	No	Reissued as Findings 2008-03
2006-003	ORC 5705.36 Appropriation exceeded available resources and amended certificate	No	Reissued as Finding 2008-07



**Mary Taylor, CPA**  
Auditor of State

**EDEN TOWNSHIP**

**WYANDOT 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  
MAY 6, 2010**