



Dave Yost • Auditor of State

SENECA TOWNSHIP
SENECA COUNTY

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Dave Yost • Auditor of State

Seneca Township
Seneca County
4098 South County Road 47
New Riegel, Ohio 44853-9971

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 9, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Seneca Township
Seneca County
4098 South County Road 47
New Riegel, Ohio 44853-9971

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca Township, Seneca County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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(A) mandates 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, 2010 and 2009 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, 2010 and 2009, 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 Seneca Township, Seneca County, as of December 31, 2010 and 2009, 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 August 9, 2011, 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.



Dave Yost
Auditor of State

August 9, 2011

**SENECA TOWNSHIP
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|-----------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$38,654 | \$59,264 | | | \$97,918 |
| Intergovernmental | 45,071 | 108,986 | \$28,628 | | 182,685 |
| Special Assessments | | 2,004 | | | 2,004 |
| Earnings on Investments | 105 | 158 | | \$15 | 278 |
| Miscellaneous | 9,850 | | | | 9,850 |
| Total Cash Receipts | <u>93,680</u> | <u>170,412</u> | <u>28,628</u> | <u>15</u> | <u>292,735</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 73,758 | 9,550 | | | 83,308 |
| Public Safety | | 1,312 | | | 1,312 |
| Public Works | | 153,345 | | | 153,345 |
| Health | 3,352 | | | | 3,352 |
| Capital Outlay | | | 28,628 | | 28,628 |
| Debt Service: | | | | | |
| Redemption of Principal | | 11,788 | | | 11,788 |
| Total Cash Disbursements | <u>77,110</u> | <u>175,995</u> | <u>\$28,628</u> | | <u>281,733</u> |
| Total Receipts Over/(Under) Disbursements | <u>16,570</u> | <u>(5,583)</u> | | <u>15</u> | <u>11,002</u> |
| Fund Cash Balances, January 1 | <u>539</u> | <u>115,663</u> | | <u>3,053</u> | <u>119,255</u> |
| Fund Cash Balances, December 31 | <u>\$17,109</u> | <u>\$110,080</u> | | <u>\$3,068</u> | <u>\$130,257</u> |

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

**SENECA TOWNSHIP
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|-----------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$40,420 | \$60,462 | | | \$100,882 |
| Licenses, Permits, and Fees | 225 | | | | 225 |
| Intergovernmental | 28,967 | 104,520 | \$27,119 | | 160,606 |
| Special Assessments | | 1,890 | | | 1,890 |
| Earnings on Investments | 156 | 234 | | \$59 | 449 |
| Miscellaneous | 1,950 | | | | 1,950 |
| Total Cash Receipts | <u>71,718</u> | <u>167,106</u> | <u>27,119</u> | <u>59</u> | <u>266,002</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 79,916 | | | | 79,916 |
| Public Safety | | 2,332 | | | 2,332 |
| Public Works | 200 | 140,313 | | | 140,513 |
| Health | 2,100 | | | | 2,100 |
| Capital Outlay | | | 27,119 | | 27,119 |
| Debt Service: | | | | | |
| Redemption of Principal | | 11,788 | | | 11,788 |
| Total Cash Disbursements | <u>82,216</u> | <u>154,433</u> | <u>\$27,119</u> | | <u>263,768</u> |
| Total Receipts Over/(Under) Disbursements | <u>(10,498)</u> | <u>12,673</u> | | <u>59</u> | <u>2,234</u> |
| Fund Cash Balances, January 1 | <u>11,037</u> | <u>102,990</u> | | <u>2,994</u> | <u>117,021</u> |
| Fund Cash Balances, December 31 | <u>\$539</u> | <u>\$115,663</u> | | <u>\$3,053</u> | <u>\$119,255</u> |

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

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Seneca, County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the McCutchenville Volunteer Fire Department and NBS Joint Fire District to provide fire protection.

The Township participates in the NBS Joint Fire District, a jointly governed organization and the Ohio Township Association Risk Management Authority (OTARMA), public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities.

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 to pay for constructing, maintaining, and repairing Township roads.

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Fund

This fund accounts 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 fund:

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

4. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

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.

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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:

| | 2010 | 2009 |
|-------------------------|-----------|-----------|
| Demand deposits | \$127,324 | \$116,322 |
| Certificates of deposit | 2,933 | 2,933 |
| Total deposits | \$130,257 | \$119,255 |

Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|----------|
| General | \$80,115 | \$93,680 | \$13,565 |
| Special Revenue | 158,480 | 170,412 | 11,932 |
| Capital Projects | 28,628 | 28,628 | |
| Permanent | | 15 | 15 |
| Total | \$267,223 | \$292,735 | \$25,512 |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|----------|
| General | \$84,656 | \$77,110 | \$7,546 |
| Special Revenue | 244,298 | 175,995 | 68,303 |
| Capital Projects | 28,628 | 28,628 | |
| Permanent | 100 | | 100 |
| Total | \$357,682 | \$281,733 | \$75,949 |

2009 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|------------|
| General | \$82,823 | \$71,718 | (\$11,105) |
| Special Revenue | 156,222 | 167,106 | 10,884 |
| Capital Projects | 33,000 | 27,119 | (5,881) |
| Permanent | 41 | 59 | 18 |
| Total | \$272,086 | \$266,002 | (\$6,084) |

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$93,460 | \$82,216 | \$11,244 |
| Special Revenue | 257,905 | 154,433 | 103,472 |
| Capital Projects | 33,000 | 27,119 | 5,881 |
| Permanent | 40 | 40 | 40 |
| Total | \$384,405 | \$263,768 | \$120,637 |

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.

5. Debt

Debt outstanding at December 31, 2010 was as follows:

| | Principal | Interest Rate |
|-----------|-----------|---------------|
| OPWC Loan | \$35,363 | 0% |

The Ohio Public Works Commission (OPWC) loan #CP26H relates to the TR 54 widening project. OPWC loaned the Township \$94,300 for this project. The Township will repay the loan in semiannual installments of \$5,894 over 8 years. Local Government Revenue Assistance receipts collateralize the loan.

Amortization of the above debt is scheduled as follows:

| | OPWC #CP26H |
|--------------------------|----------------|
| Year ending December 31: | |
| 2011 | \$11,788 |
| 2012 | 11,788 |
| 2013 | 11,787 |
| Total | \$35,363 |

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

| | <u>2010</u> | <u>2009</u> |
|-------------|---------------------|---------------------|
| Assets | \$35,855,252 | \$38,982,088 |
| Liabilities | <u>(10,664,724)</u> | <u>(12,880,766)</u> |
| Net Assets | <u>\$25,190,528</u> | <u>\$26,101,322</u> |

**SENECA TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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

| <u>Contributions to OTARMA</u> | |
|---------------------------------------|--------------------|
| <u>2010</u> | <u>2009</u> |
| \$5,132 | \$5,876 |

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

8. Jointly Governed Organization

Pursuant to Ohio Revised Code §505.371, Seneca Township, Big Spring Township, and the Village of New Riegel, adopted a joint resolution to create the NBS Joint Fire District. The NBS Joint Fire District will provide fire protection services to the above named entities. During fiscal year 2010, the Township transferred \$1,312 of their residual tax revenues from the discontinued Township Fire Levy, as required by their Fire Protection Services Agreement.



Dave Yost • Auditor of State

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

Seneca Township
Seneca County
4098 South County Road 47
New Riegel, Ohio 44853-9971

To the Board of Trustees:

We have audited the financial statements of Seneca Township, Seneca County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 9, 2011 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 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Township's response to the finding 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.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

August 9, 2011

**SENECA TOWNSHIP
SENECA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness – Financial Reporting

The following errors were noted on the financial statements that required audit adjustments:

- In 2009, Homestead and Rollback revenues were recorded in the General Fund rather than in the Road and Bridge Fund in the amount of \$3,361. Revenues were also recorded in the General Fund, Taxes line item rather than in the Intergovernmental line item in the amount of \$2,768.
- In 2010, Homestead and Rollback revenues were recorded in the General Fund rather than in the Road and Bridge Fund in the amount of \$6,680. Revenues were also recorded in the General Fund, Taxes line item rather than in the Intergovernmental line item in the amount of \$5,501.
- In 2010 and 2009, debt payments were recorded as interest and fiscal charges rather than Redemption of Principal in the amount of \$11,788.
- In 2009, Township incorrectly transferred residual funds from the Fire Levy Fund to the General Fund in the amount of \$1,038 rather than maintaining the funds in the Fire Levy Fund.

The accompanying financial statements have been adjusted to correct these errors.

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Township's financial statements and notes to the statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and audit committee to identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer has agreed to the required audit adjustments and has made the adjustments to the financial statements.

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SENECA TOWNSHIP
SENECA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2008-001 | Financial Reporting – Errors were noted in the financial statements that required material adjustments. | No | Not corrected. Repeated as finding number 2010-001, in this report. |

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Dave Yost • Auditor of State

SENECA TOWNSHIP

SENECA 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
AUGUST 23, 2011**