



**Auditor of State  
Betty Montgomery**



GOSHEN TOWNSHIP  
HARDIN COUNTY

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**Auditor of State  
Betty Montgomery**

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

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 a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 12, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Hardin County, (the "Township"), as of and for the years ended December 31, 2004 and 2003. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements.

Since this Township does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 October 12, 2005, 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.



**Betty Montgomery**  
Auditor of State

October 12, 2005



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,254	\$12,556	\$19,810
Intergovernmental	18,499	78,962	97,461
Licenses, Permits, and Fees	741		741
Earnings on Investments	1,443	1,859	3,302
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	27,937	93,377	121,314
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	41,110		41,110
Public Safety	15,000		15,000
Public Works		74,714	74,714
Health	5,084	7,738	12,822
Conservation - Recreation		965	965
Capital Outlay	410		410
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,604	83,417	145,021
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(33,667)	9,960	(23,707)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements)</b>			
Transfers-In		745	745
Transfers-Out	(745)		(745)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(745)	745	
	<hr/>	<hr/>	<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,412)	10,705	(23,707)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	55,155	177,957	233,112
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$20,743</u>	<u>\$188,662</u>	<u>\$209,405</u>

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

GOSHEN TOWNSHIP  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

<b>Operating Cash Receipts:</b>	
Interest	\$7
<b>Operating Cash Disbursements</b>	<u>26</u>
Cash Receipts (Under) Cash Disbursements	(19)
Fund Cash Balance, January 1	<u>1,025</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$1,006</u></u>

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$6,936	\$12,019	\$18,955
Intergovernmental	22,851	64,037	86,888
Licenses, Permits, and Fees	588		588
Earnings on Investments	1,341	2,702	4,043
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,716	78,758	110,474
<b>Cash Disbursements:</b>			
Current:			
General Government	42,601		42,601
Public Safety	12,243		12,243
Public Works		62,185	62,185
Health	3,987	7,419	11,406
Conservation - Recreation		927	927
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,831	70,531	129,362
Total Receipts Over/(Under) Disbursements	<hr/> (27,115)	<hr/> 8,227	<hr/> (18,888)
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		956	956
Transfers-Out	<hr/> (956)	<hr/>	<hr/> (956)
Total Other Financing Receipts/(Disbursements)	<hr/> (956)	<hr/> 956	<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> (28,071)	<hr/> 9,183	<hr/> (18,888)
Fund Cash Balances, January 1	<hr/> 83,226	<hr/> 168,774	<hr/> 252,000
<b>Fund Cash Balances, December 31</b>	<hr/> <u>\$55,155</u>	<hr/> <u>\$177,957</u>	<hr/> <u>\$233,112</u>

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

GOSHEN TOWNSHIP  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Operating Cash Receipts:</b>	
Interest	\$25
<b>Operating Cash Disbursements</b>	
Supplies and Materials	<u>117</u>
Cash Receipts (Under) Cash Disbursements	(92)
Fund Cash Balance, January 1	<u>1,117</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$1,025</u></u>

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Goshen Township, Hardin County, (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 maintenance and cemetery maintenance. The Township contracts with Jackson-Forest Fire Department and Marseilles Fire Department to provide fire services.

The residents of the Township support Grove Cemetery Association and the Veterans' Memorial Park District through tax levies. This relationship is further described in Note 4.

A member of the Township's Board of Trustees is appointed to the boards of Buck-Kenton-Pleasant (BKP) Ambulance District, the Hardin County Regional Planning Commission, and Grove Cemetery Association.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, 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.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. 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 Fund:

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

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund:

**Nonexpendable Cemetery Bequest Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep in the McKendree Cemetery, as specified by the donor.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 2004 and 2003 budgetary activity appears in Note 3.

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

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2004</b>	<b>2003</b>
Demand deposits	\$86,543	\$113,302
Certificates of deposit	123,868	120,835
Total deposits	\$210,411	\$234,137

**Deposits:** Deposits are only insured by the National Credit Union Share Insurance Fund up to \$100,000. Deposits in excess of \$100,000 are uninsured which violates the requirements of Ohio Rev. Code Section 135.18.

The Township maintains all of its monies either in demand deposit accounts or certificates of deposit at a credit union. A credit union is not an eligible depository per Ohio Revised Code Section 135.03.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 is as follows:

**2004 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$27,476	\$27,937	\$461
Special Revenue	83,849	94,122	10,273
Fiduciary	30	7	(23)
Total	\$111,355	\$122,066	\$10,711

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$84,549	\$62,349	\$22,200
Special Revenue	254,261	83,417	170,844
Fiduciary	55	26	29
Total	\$338,865	\$145,792	\$193,073

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2003 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$26,184	\$31,716	\$5,532
Special Revenue	80,947	79,714	(1,233)
Fiduciary	110	25	(85)
Total	\$107,241	\$111,455	\$4,214

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$96,409	\$59,787	\$36,622
Special Revenue	255,245	70,531	184,714
Fiduciary	117	117	0
Total	\$351,771	\$130,435	\$221,336

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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, 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 payment, 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.

The residents of the Township support Grove Cemetery Association (the "Cemetery") and the Veterans' Memorial Park District (the "Park") through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2004 and 2003, the Cemetery received \$7,738 and \$7,419, respectively, and the Park received \$965 and \$927, respectively, in tax revenue from the residents of the Township. This money is recorded as tax revenue and intergovernmental expenditures in the Special Revenue Fund Type. The Township receives and disburses the tax levy money to the Cemetery. The levy money belonging to the Park is recorded as memo only activity since the Hardin County Auditor, who is fiscal agent for Park, distributes this money directly to the Park.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. RETIREMENT SYSTEMS**

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

The Ohio Rev. Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**6. RISK POOL MEMBERSHIP**

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.

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

**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:

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**7. RELATED PARTY TRANSACTION**

A Trustee is on the Board of the Hardin Federal Credit Union, which is the financial institution that holds all of the Township's deposits.



## Auditor of State Betty Montgomery

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

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of Goshen Township (the "Township") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 12, 2005, 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 that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated October 12, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

#### **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 2004-001 through 2004-003. In a separate letter to the Township's management dated October 12, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Goshen Township  
Hardin County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management and Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

October 12, 2005

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Noncompliance**

**Ohio Rev. Code Section 135.03** states that eligible depositories include national banks and banks defined in ORC Section 1101.01. Ohio Rev. Code Section 1101.01(B) states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority of another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The Township had their checking account, savings accounts, and certificate of deposit invested with a local credit union which is not an eligible depository.

All Township funds should be deposited in institutions that are eligible per this code section.

**FINDING NUMBER 2004-002**

**Noncompliance**

**Ohio Rev. Code Section 135.18** states, in part, that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During 2004 and 2003, the credit union that held the Township's deposits did not provide collateral for the deposits in excess of \$100,000.

The Township should maintain its deposits in an eligible financial institute that provides security in an amount equal to the funds on deposit at all times.

**FINDING NUMBER 2004-003**

**Noncompliance - Finding for Adjustment**

**Ohio Rev. Code Section 5705.10** states that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. During 2004 and 2003, the Township recorded homestead and rollback revenue, received as a result of a tax levy belonging to the Township's Road and Bridge Fund and tax levy money passed on behalf of the Grove Cemetery Association, in the General Fund.

**FINDING NUMBER 2004-003  
 (Continued)**

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The required adjustments had the following effect upon the respective funds:

	<u>General</u>	<u>Road and Bridge Fund</u>	<u>Grove Cemetery Fund</u>
2004	(\$1,409)	\$473	\$936
2003	(919)	462	457
Total Adjustment	<u>(\$2,328)</u>	<u>\$935</u>	<u>\$1,393</u>

The Township should implement review and monitoring procedures to help assure that revenues are recorded in the correct fund.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	ORC Sec. 135.03 - Credit Unions are not eligible depositories for public funds	No	Repeated as Finding 2004-001
2002-002	ORC Sec. 5705.09 - Failure to establish required funds for Grove Cemetery	Yes	
2002-003	ORC Sec. 5705.38 - Failure to pass an appropriation resolution	Yes	Resolution was passed, but not filed with the County Auditor. Management letter citation for not filing with the County Auditor.
2002-004	ORC Sec. 5705.41 (D) - Failure to provide prior certification that money is available for expenditures	Yes	
2002-005	Checks were issued prior to invoice date and gaps in the numerical sequence of checks.	No	Repeated in management letter.

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**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**GOSHEN TOWNSHIP**

**HARDIN 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  
NOVEMBER 29, 2005**