



**Auditor of State
Betty Montgomery**

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2004	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	21

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 13, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 Government 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 Government 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 Government 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 Government to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Government 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 Government has elected not to reformat its statements. Since this Government 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.

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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, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Sandy Township, Tuscarawas County, as of December 31, 2005 and 2004, 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 Government to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Government 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 November 13, 2006, on our consideration of the Government'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

November 13, 2006

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$21,182	\$135,985		\$157,167
Licenses, Permits, and Fees		10,725		10,725
Intergovernmental	74,902	142,377		217,279
Special Assessments		6,627		6,627
Earnings on Investments	10,377	2,313		12,690
Miscellaneous	14,187	15,253		29,440
Total Cash Receipts	<u>120,648</u>	<u>313,280</u>		<u>433,928</u>
Cash Disbursements:				
Current:				
General Government	153,702			153,702
Public Safety	447	33,442		33,889
Public Works		204,882		204,882
Health	571	4,557		5,128
Capital Outlay	7,095	500		7,595
Total Cash Disbursements	<u>161,815</u>	<u>243,381</u>		<u>405,196</u>
Total Receipts Over/(Under) Disbursements	<u>(41,167)</u>	<u>69,899</u>		<u>28,732</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,000		1,000
Transfers-Out	(1,000)			(1,000)
Other Financing Sources	15,807			15,807
Total Other Financing Receipts/(Disbursements)	<u>14,807</u>	<u>1,000</u>		<u>15,807</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(26,360)	70,899		44,539
Fund Cash Balance, January 1	287,658	108,899	\$20,428	416,985
Fund Cash Balance, December 31	<u>\$261,298</u>	<u>\$179,798</u>	<u>\$20,428</u>	<u>\$461,524</u>

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

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

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

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$15,189	\$128,695		\$143,884
Licenses, Permits, and Fees		8,025		8,025
Intergovernmental	155,879	72,421		228,300
Special Assessments		14,784		14,784
Earnings on Investments	8,957	4		8,961
Miscellaneous	9,732	7,552		17,284
Total Cash Receipts	189,757	231,481		421,238
Cash Disbursements:				
Current:				
General Government	157,681			157,681
Public Safety	5,642	49,072		54,714
Public Works	240	177,373		177,613
Health	9,113	17,206		26,319
Capital Outlay		19,262		19,262
Total Cash Disbursements	172,676	262,913		435,589
Total Receipts Over/(Under) Disbursements	17,081	(31,432)		(14,351)
Other Financing Receipts/(Disbursements):				
Other Financing Sources	1,793			1,793
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	18,874	(31,432)		(12,558)
Fund Cash Balance, January 1	268,784	140,331	\$20,428	429,543
Fund Cash Balance, December 31	\$287,658	\$108,899	\$20,428	\$416,985

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

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Sandy Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township collects a 2 mill levy for the Volunteer Fire Department under contract to provide fire protection to the residents of the Township.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

The Township invests in certificates of deposit. 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 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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.

Fire District Fund - This fund receives tax money from special levies to pay for fire services provided to Township residents.

3. Capital Project Fund

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law during the audit period. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand deposits	\$172,164	\$136,260
Certificates of deposit	289,360	280,725
Total deposits	\$461,524	\$416,985

Deposits: Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 2005 and 2004, deposits of \$261,524 and \$218,463, respectively, were not insured or collateralized, contrary to Ohio Rev. Code Section 135.18.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$136,455	\$136,455
Special Revenue	0	314,280	314,280
Total	\$0	\$450,735	\$450,735

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$162,815	(\$162,815)
Special Revenue	0	243,381	(243,381)
Total	\$0	\$406,196	(\$406,196)

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$191,550	\$191,550
Special Revenue	0	231,481	231,481
Total	\$0	\$423,031	\$423,031

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$172,676	(\$172,676)
Special Revenue	0	262,913	(262,913)
Total	\$0	\$435,589	(\$435,589)

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.28, the Board of Trustees did not adopt an annual tax budget for 2005 or 2004.

Contrary to Ohio Rev. Code Section 5705.36, the Township did not file its certificate of available revenue for 2005 or 2004 with the County Auditor.

Contrary to Ohio Rev. Code Section 5705.38, the Township did not adopt any appropriation measures for the 2005 and 2004.

Contrary to Ohio Rev. Code Section 5705.41(B), the Township did not record appropriations into the UAN accounting system and encumber funds to be spent.

Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not always certify all purchases prior to incurring the commitments.

Contrary to Ohio Rev. Code Section 135.18, the Township did not have sufficient collateral coverage for all Township funds.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. PROPERTY TAX (Continued)

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.

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 2005 and 2004, members of OPERS 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, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

The Township was a defendant in a lawsuit; however, the lawsuit was favorably settled subsequent to the end of the audit period.

9. JOINTLY GOVERNED ORGANIZATION

Tuscarawas County Regional Planning Commission (Commission)

The Township is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State.

The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county.

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

10. SUBSEQUENT EVENTS

On July 6, 2006, Amy Woods, former Clerk, who resigned January 25, 2005, was ordered to pay \$39,182 in restitution to the Township as part of her sentence for conviction on two counts of theft in office.



**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**

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

To the Board of Trustees:

We have audited the financial statements of Sandy Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 13, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audits 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 audits, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-007 through 2005-009.

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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We do not consider reportable conditions listed above to be material weaknesses. In a separate letter to the Township's management dated November 13, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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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 audits and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2005-001 through 2005-006. In a separate letter to the Township's management dated November 13, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the 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

November 13, 2006

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Ohio Rev. Code Section 5705.28 requires the Township Trustees as the Township's taxing authority, to adopt a tax budget for the next succeeding year on or before July 15 of each year.

The Board of Trustees did not adopt an annual tax budget for 2005 or 2004. To avoid jeopardizing their share of local government monies, the Township should adopt a tax budget on or before July 15 of each year.

Noncompliance

FINDING NUMBER 2005-002

Ohio Rev. Code Section 5705.36 requires that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units certify to the County Auditor the total amount from all sources which is available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year.

The Township did not file its certificate of available revenue for 2005 or 2004 with the County Auditor. The Township should file its certificate of available revenue with the County Auditor on or about the first day of each fiscal year.

Noncompliance

FINDING NUMBER 2005-003

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure be passed. The Township may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

The Township did not adopt any appropriation measures for 2005 and 2004. The Township should adopt a permanent appropriation measure by April 1 each year based on estimated revenue.

Noncompliance

FINDING NUMBER 2005-004

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

The Township did not record appropriations into the UAN accounting system or encumber funds to be spent. The Township should record appropriations on the UAN system and record encumbrances to help avoid overspending.

Noncompliance

FINDING NUMBER 2005-005

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

A. "Then and Now" Certificates - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

B. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

C. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

FINDING NUMBER 2005-005 (Continued)

During the audit period, 40 out of 68 (59%) of the expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that none of the exceptions above were utilized for the items found to be in noncompliance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve control over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Clerk should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Noncompliance

FINDING NUMBER 2005-006

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution.

During 2005 and 2004, the Township had funds on deposit with its financial institution which were not collateralized by \$261,524 and \$218,463, respectively. To ensure public deposits are secured by either federal deposit insurance, surety company bonds, or pledged securities, the Clerk should require the financial institution to provide security for all public funds deposited.

Reportable Condition

FINDING NUMBER 2005-007

Bank Reconciliation and Errors in Recording Transactions

The following errors were noted in entering transactions to the Township's accounting system and unreconciled errors:

- Checks issued that should have been voided were cleared on the UAN system.
- Checks that were voided on the system were actual expenditures and were negotiated by the bank.
- Checks were not always recorded on the UAN system as expenditures.
- Checks issued prior to 2004 were unrecorded on the UAN system.
- Checks issued were entered on the UAN system in the wrong amount.
- Interest was not properly recorded for Certificate of Deposits.

Reportable Condition (Continued)

FINDING NUMBER 2005-007 (Continued)

- All of 2004 financial activity was entered on the UAN system in 2005, with the exception of \$52,528 in errors noted as “Other Adjusting Factors” on the Township’s reconciliation. However, the actual fund balance was only overstated by \$30,325 at the end of 2005. Subsequent to the end of the audit period the Clerk made the required audit adjustments to correct the fund balances. The financial statements have also been adjusted.
- Receipts, including interest from investments, were not recorded on the UAN system in a timely manner.
- In addition, numerous receipts were recorded in the wrong fund and account, and as a result the financial statements for both years under audit, originally did not accurately reflect revenues in the correct classification, such as taxes, intergovernmental and miscellaneous.

As a result of all the above errors, the Township was unable to reconcile fund balances to bank balances. To operate on a cash basis of accounting, and manage the Township’s fund balance, receipts and expenditures must be posted to the proper account codes in accordance with the UAN chart of accounts in a timely manner. The Clerk should reconcile books on a monthly basis to identify errors in posting transactions to the UAN system. This would help ensure the Township is maintaining accurate fund balances and better enable the Township to effectively manage the Township’s operations.

Reportable Condition

FINDING NUMBER 2005-008

Financial Records for 2005 and 2004

For the years ended December 31, 2005 and 2004, the Township’s accounting records were maintained in a manner such that interim financial activity and annual financial statements could not be prepared. The Township hired the prior Clerk to reconstruct the accounting records by preparing monthly bank reconciliations for the 24 month period, and posting financial transactions for 2005 and 2004 to the UAN system in order to prepare a summary of the financial activity and prepare annual financial statements. In addition, the Board of Trustees failed to monitor Township fiscal operations which allowed the financial records to remain incomplete and inaccurate, which ultimately results in the Township’s inability to make sound financial decisions.

The posting of financial activity should be performed accurately and in a timely fashion, and bank reconciliations should be performed monthly, including reconciliations between bank balances and book balances. The Board of Trustees should review the monthly financial reports and monitor the financial activity in order to make sound financial decisions and to help ensure the financial health of the Township.

Reportable Condition (Continued)

FINDING NUMBER 2005-008 (Continued)

To help ensure accurate financial information is provided, the Township should develop, implement and monitor the following control procedures for assurance as to the timeliness and reliability of financial information:

- The Board of Trustees should review and approve monthly financial statement information in a timely manner.
- The Board of Trustees should review information such as long outstanding items or unusual or significant accounting entries.
- The Board of Trustees should review account reconciliations on a monthly basis, including any reconciling items on bank account reconciliations to help ensure the reconciliation is accurate and is performed in a timely manner.
- The Board of Trustees should review and formally approve financial reports documenting the Township's financial activity. This review and approval should be documented in the minute record.
- The Board of Trustees should develop and implement monitoring procedures to help ensure all transactions are properly recorded and recorded in the proper period.
- The Board of Trustees should develop and implement monitoring procedures to help ensure all financial activity for the period is reflected in the financial statements.
- The Board of Trustees should develop and implement procedures regarding payment of financial obligations to avoid overpayment of bills and help eliminate late payments, fines, and penalties.
- The Board of Trustees should be actively involved in monitoring Township finances and operations.

These procedures may help improve the timeliness and accuracy of financial information provided to the Township, and may help detect and prevent errors from occurring in the financial operations.

Reportable Condition

FINDING NUMBER 2005-009

Budgetary Monitoring Controls

During 2005 and 2004, the Township did not monitor budgetary controls designed to help ensure material budgetary laws were followed. As a result, the Township did not comply with all material budgetary laws required by the Ohio Revised Code such as adopting the tax budget, adopting appropriations, and limiting expenditures to appropriation authority.

In conjunction with becoming familiar with Section 5705, Ohio Revised Code, the elected Township officials should also meet with the Tuscarawas County Budget Commission and in particular with the Tuscarawas County Auditor to increase their knowledge of the budgetary process especially as it relates to the filing of the Tax Budget, Appropriation Resolution and Certificate of Estimated Resources; filing Appropriation and Estimated Resource Amendments; limiting function expenditures to function appropriations, limiting fund appropriations by fund estimated resources; transferring and advancing monies among funds; and accounting for each fund as a distinct operating entity.

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

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**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code Section 507.09 -Unauthorized Compensation of Former Clerk. For the period from January 1, 2003 through December 31, 2004, the Township's former Clerk, Amy Woods, received compensation in excess of her authorized annual rates in the amount of \$38,182.41.	No	Not Repaid.
2003-002	Ohio Rev. Code Section 9.39 states all public officials are liable for all public money received or collected by them or by their subordinates under color of office. Monies collected were unaccounted.	No	No Corrective action, former Clerk charged with theft in office.
2003-003	Ohio Rev. Code Section 505.24 provides that a township trustee shall be entitled to compensation based on the Township's budget. For the period from January 1, 2003 through December 31, 2003, the Township Trustees; Leland Swinford, George Hysong, and Donald Steinbaugh, received compensation in excess of their authorized annual rates by \$1,023.96, \$1,023.96, and \$1,024.08, respectively.	Yes	Corrected. The compensation overpayment was repaid by each Trustee.

**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

2003-004	Ohio Rev. Code Section 5705.41(D) The Township failed to properly certify the availability of funds prior to incurring an obligation.	No	Not corrected. Refer to Finding 2005-006.
2003-005	Ohio Rev. Code Section 135.18 The Township did not adequately collateralize funds on deposit.	No	Not corrected. Refer to Finding 2005-007.
2003-006	Ohio Rev. Code Section 9.38 receipts related to intergovernmental, taxes, zoning, and cemetery were not deposited with the Clerk or designated depository within 24 hours of collection.	Yes	Corrected during 2005.
2003-007	Material Weakness -The Clerk did not reconcile the Township's bank account to the Township's records on a timely basis nor were all applicable reconciling items integrated into the reconciliation process.	No	Partially corrected during 2005. The Clerk prepared monthly reconciliations, but carried unidentified errors in the amount of \$52,528 as a reconciling item. Refer to Finding 2005-008.
2003-008	Reportable Condition - The Clerk did not post Estimated Resources certified by the Budget Commission to the UAN accounting system.	No	Not corrected. The Township did not record any budgetary activity for 2004 or 2005. Refer to Findings 2005-003 through 2005-005.



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**SANDY TOWNSHIP
TUSCARAWAS COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2006**