



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007-2006**



**Mary Taylor, CPA**  
Auditor of State



**CONGRESS TOWNSHIP  
MORROW COUNTY**

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Mary Taylor, CPA  
Auditor of State

Congress Township  
Morrow County  
6643 CR 97  
Mount Gilead, Ohio 43338

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 Township 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.

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**Mary Taylor, CPA**  
Auditor of State

June 26, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Congress Township  
Morrow County  
6643 CR 97  
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Congress Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2007, and December 31, 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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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, 2007, and December 31, 2006, 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, 2007, and December 31, 2006, 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 and reserves for encumbrances of Congress Township, Morrow County, Ohio, as of December 31, 2007, and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As more fully discussed in Note 7 in the financial statements, the fund balances for the Non-Expendable Trust Fund and Permanent Fund were restated as of January 1, 2006, to reflect the Non-Expendable Trust Fund balance as a Permanent Fund at January 1, 2006.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 26, 2008



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 34,235	\$ 69,433	\$ -	\$ 103,668
Intergovernmental	72,742	208,879	-	281,621
Earnings on Investments	8,906	4,701	-	13,607
Miscellaneous	1,867	2,750	-	4,617
	<u>117,750</u>	<u>285,763</u>	<u>-</u>	<u>403,513</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	75,882	1,832	-	77,714
Health	-	4,575	30	4,605
Public Works	-	262,002	-	262,002
	<u>75,882</u>	<u>268,409</u>	<u>30</u>	<u>344,321</u>
Total Receipts Over/(Under) Disbursements	41,868	17,354	(30)	59,192
Fund Cash Balances, January 1	<u>119,010</u>	<u>186,635</u>	<u>2,490</u>	<u>308,135</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 160,878</u></b>	<b><u>\$ 203,989</u></b>	<b><u>\$ 2,460</u></b>	<b><u>\$ 367,327</u></b>
Reserve for Encumbrances, December 31	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 38,744	\$ 65,191	\$ -	\$ 103,935
Intergovernmental	47,071	97,739	-	144,810
Earnings on Investments	3,085	1,826	-	4,911
Miscellaneous	4,128	2,010	-	6,138
	<u>93,028</u>	<u>166,766</u>	<u>-</u>	<u>259,794</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	46,382	10,097	-	56,479
Public Works	1,057	116,236	-	117,293
Health	-	4,510	30	4,540
	<u>47,439</u>	<u>130,843</u>	<u>30</u>	<u>178,312</u>
Total Cash Disbursements	<u>47,439</u>	<u>130,843</u>	<u>30</u>	<u>178,312</u>
Total Receipts Over/(Under) Disbursements	<u>45,589</u>	<u>35,923</u>	<u>(30)</u>	<u>81,482</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	13,791	-	-	13,791
Transfers-Out	-	(13,791)	-	(13,791)
	<u>13,791</u>	<u>(13,791)</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts / (Disbursements)	<u>13,791</u>	<u>(13,791)</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	59,380	22,132	(30)	81,482
Fund Cash Balances, January 1 (Restated - See Note 7)	<u>59,630</u>	<u>164,503</u>	<u>2,520</u>	<u>226,653</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 119,010</u></b>	<b><u>\$ 186,635</u></b>	<b><u>\$ 2,490</u></b>	<b><u>\$ 308,135</u></b>

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006**

**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 Congress Township, Morrow 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 and cemetery maintenance.

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. 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.

The Township values certificates of deposit and U.S. Savings Bond 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 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.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**3. Permanent Funds**

These funds account 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 Endowment Fund – This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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. 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 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.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. Equity in Pooled Cash and Investments**

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

	2007	2006
Demand deposits	\$365,327	\$306,135
Certificates of deposit	1,500	1,500
Total deposits	366,827	307,635
U.S. Savings Bond	500	500
Total investments	500	500
Total deposits and investments	\$367,327	\$308,135

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Township's U.S. Savings Bond in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007, and December 31, 2006, follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,500	\$117,750	\$57,250
Special Revenue	163,900	285,763	121,863
Permanent	20	0	(20)
Total	\$224,420	\$403,513	\$179,093

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,174	\$75,953	\$27,221
Special Revenue	305,500	268,409	37,091
Permanent	0	30	(30)
Total	\$408,674	\$344,392	\$64,282

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,000	\$106,819	\$65,819
Special Revenue	126,700	166,766	40,066
Permanent	0	0	0
Total	\$167,700	\$273,585	\$105,885

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,250	\$47,439	\$45,811
Special Revenue	236,000	144,634	91,366
Permanent	0	30	(30)
Total	\$329,250	\$192,103	\$137,147

**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.

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, 2007 was as follows:

	Principal	Interest Rate
Lease - Purchase (Grader)	\$81,000	5%

The Township entered into a lease-purchase agreement with Chase Equipment Leasing Incorporated for the purchase of a road grader.

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Total
2007	\$14,694	\$3,953	\$18,647
2008	15,411	3,236	18,647
2009	16,163	2,484	18,647
2010	16,952	1,695	18,647
2011	17,780	868	18,648
Total	\$81,000	\$12,236	\$93,236

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. Restated Fund Balances**

Fund balances at January 1, 2006 have been restated to reflect the Non-Expendable Trust Fund as a Permanent Fund. The fund cash balances have been restated as follows:

<b>12/31/05 Fund Balance</b>	<b>Reclassification</b>	<b>Restated 1/1/06 Fund Balance</b>
Non-Expendable Trust Fund - \$2,520	(\$2,520)	\$0
Permanent Fund - \$0	\$2,520	\$2,520

**8. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

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# Mary Taylor, CPA

Auditor of State

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

Congress Township  
Morrow County  
6643 CR 97  
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the financial statements of Congress Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2007, and December 31, 2006, and have issued our report thereon dated June 26, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township restated 1-1-06 fund balances due to reclassification of the Non-Expendable Trust Fund to a Permanent Fund. In addition, we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2007-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 26, 2008.

#### **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 2007-001 and 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 26, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

June 26, 2008

CONGRESS TOWNSHIP  
MORROW COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

**Noncompliance Citation**  
**Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit has appropriate fund free from any previous encumbrance.

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 section 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – 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.

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

Ten percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006 - (Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-001 (Continued)**

**Noncompliance Citation  
Certification of Expenditures (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Auditor certify that 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.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2007-002**

**Significant Deficiency / Material Weakness  
Financial Reporting**

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.

The following audit adjustments were made to the December 31, 2007 financial statements and the Township's accounting records:

1. An adjustment of \$6,160 was made to properly post homestead and rollback receipts as intergovernmental receipts, rather than as property tax receipts in the General Fund.
2. Adjustments of \$8,492 in the General Fund, \$609 in the Motor Vehicle License Tax Fund, and \$3,864 in the Gasoline Tax Fund were made to record interest from the Township's savings account that was earned and received in 2007, but was not posted to the Township's Revenue Ledger.
3. Adjustments were made to reclassify private purpose trust fund disbursements of \$30 related to cemetery bequests as permanent funds.
4. An adjustment of \$112,483 was made to record Issue II receipt and disbursement activity that represented an on-behalf payment made for the Township.
5. Adjustments of \$3,743 in the Road and Bridge Fund and \$384 in the Cemetery Fund were made to properly record receipts that were entirely posted to the General Fund.

The following audit adjustments were made to the December 31, 2006 financial statements and the Township's accounting records:

1. An adjustment of \$25,116 was made to properly record estate tax receipts as intergovernmental receipts, rather than as miscellaneous receipts in the General Fund.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006 - (Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-002 (Continued)**

**Significant Deficiency / Material Weakness  
Financial Reporting (Continued)**

2. Adjustments of \$2,453 in the General Fund, \$176 in the Motor Vehicle License Tax Fund, and \$1,116 in the Gasoline Tax Fund were made to record interest from the Township's savings account that was earned and received in 2006, but was not posted to the Township's Revenue Ledger.
3. Adjustments of \$13,791 were made to properly record the transfer of FEMA monies into the General Fund from the FEMA Fund, rather than making a fund balance adjustment to close out the FEMA Fund.
4. Adjustments were made to reclassify \$2,520 of private purpose trust funds related to cemetery bequests as permanent funds.
5. Adjustments were made to reclassify private purpose trust fund disbursements of \$30 related to cemetery bequests as permanent fund disbursements.

The adjustments identified above should be reviewed by the Fiscal Officer and Board of Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Township should develop procedures for the periodic review of the activity posted to the accounting records, as well as for the review of the financial statement information to ensure it accurately reflects the Township's activity.

**FINDING NUMBER 2007-003**

**Noncompliance Citation  
Revenue Posting**

Ohio Rev. Code Section 5705.10 states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Furthermore, such monies shall only be used for the purpose for which such funds are established.

In 2007, as noted in Finding 2007-002, the Township posted a rollback receipt totaling \$4,127 entirely to the General Fund, rather than to all funds receiving property tax receipts. Of this amount \$3,743 should have been posted to the Road and Bridge Fund and \$384 should have been posted to the Cemetery Fund.

The Township's financial statements and accounting records have been adjusted to properly record this activity.

We recommend the Township closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into the special revenue fund for such purpose.

**Officials' Response**

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

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>
2005-001	Supplanting Motor Fuel Excise Tax	Yes	



**Mary Taylor, CPA**  
Auditor of State

**CONGRESS TOWNSHIP**

**MORROW 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 6, 2008**