



**Mary Taylor, CPA**  
Auditor of State



CRAWFORD TOWNSHIP  
COSHOCOTON COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Crawford Township  
Coshocton County  
52506 County Road 227  
Fresno, Ohio 43824

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

December 5, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Crawford Township  
Coshocton County  
52506 County Road 227  
Fresno, Ohio 43824

To the Board of Trustees:

We have audited the accompanying financial statements of Crawford Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005. 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. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 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, 2006 and 2005, 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 Crawford Township, Coshocton County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

December 5, 2007



**CRAWFORD TOWNSHIP  
COSHOCKTON 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$31,274	\$42,807		\$74,081
Charges for Services		14,819		14,819
Intergovernmental	33,494	102,237	\$20,265	155,996
Earnings on Investments	287	992		1,279
Miscellaneous	32	2,886		2,918
	65,087	163,741	20,265	249,093
<b>Cash Disbursements:</b>				
Current:				
General Government	50,047			50,047
Public Safety	14,745	11,244		25,989
Public Works	1,431	151,858		153,289
Capital Outlay	3,316	62,704		66,020
Debt Service:				
Redemption of Principal			11,800	11,800
Interest and Other Fiscal Charges			1,393	1,393
	69,539	225,806	13,193	308,538
Total Cash Disbursements	69,539	225,806	13,193	308,538
Total Cash Receipts Over/(Under) Cash Disbursements	(4,452)	(62,065)	7,072	(59,445)
<b>Other Financing Receipts / (Disbursements):</b>				
Sale of Notes		50,000		50,000
Sale of Assets		1,500		1,500
Transfers-In		22,090		22,090
Transfers-Out		(22,090)		(22,090)
	0	51,500	0	51,500
Total Other Financing Receipts/(Disbursements)	0	51,500	0	51,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,452)	(10,565)	7,072	(7,945)
Fund Cash Balances, January 1	11,375	68,183	5,038	84,596
<b>Fund Cash Balances, December 31</b>	<b>\$6,923</b>	<b>\$57,618</b>	<b>\$12,110</b>	<b>\$76,651</b>

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

**CRAWFORD TOWNSHIP  
COSHOCKTON 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 (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$31,253	\$42,294		\$73,547
Intergovernmental	31,108	133,642	\$10,006	174,756
Earnings on Investments	320	430		750
Miscellaneous		4,365		4,365
<b>Total Cash Receipts</b>	<b>62,681</b>	<b>180,731</b>	<b>10,006</b>	<b>253,418</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	50,129			50,129
Public Safety	14,341	11,253		25,594
Public Works	1,285	120,008		121,293
Health	2,933			2,933
Capital Outlay		18,382		18,382
Debt Service:				
Redemption of Principal			9,400	9,400
Interest and Other Fiscal Charges			1,842	1,842
<b>Total Cash Disbursements</b>	<b>68,688</b>	<b>149,643</b>	<b>11,242</b>	<b>229,573</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(6,007)</b>	<b>31,088</b>	<b>(1,236)</b>	<b>23,845</b>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		46,291		46,291
Transfers-Out		(46,291)		(46,291)
Other Financing Sources	6			6
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(6,001)</b>	<b>31,088</b>	<b>(1,236)</b>	<b>23,851</b>
<b>Fund Cash Balances, January 1</b>	<b>17,376</b>	<b>37,095</b>	<b>6,274</b>	<b>60,745</b>
<b>Fund Cash Balances, December 31</b>	<b>\$11,375</b>	<b>\$68,183</b>	<b>\$5,038</b>	<b>\$84,596</b>

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

**CRAWFORD TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Crawford Township, Coshocoton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Village of Baltic to provide fire services and Swiss Valley Ambulance to provide ambulance services. The Township contracts with the Coshocoton County Sheriff's Department for police protection.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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**

The Township maintains all cash in an interest-bearing checking account.

**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.

**CRAWFORD TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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 Fund:

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

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay note debt.

**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.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 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.

**CRAWFORD TOWNSHIP  
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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:

	2006	2005
Demand deposits	\$76,651	\$84,596

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

**3. Budgetary Activity**

Budgetary activity for the years ended December 31, 2006 and 2005 was as follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,858	\$65,087	(\$12,771)
Special Revenue	201,498	237,331	35,833
Debt Service	11,000	20,265	9,265
Total	\$290,356	\$322,683	\$32,327

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,233	\$69,539	\$19,694
Special Revenue	210,236	247,896	(37,660)
Debt Service	16,038	13,193	2,845
Total	\$315,507	\$330,628	(\$15,121)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,586	\$62,687	\$101
Special Revenue	191,148	227,022	35,874
Debt Service	4,000	10,006	6,006
Total	\$257,734	\$299,715	\$41,981

**CRAWFORD TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. Budgetary Activity (Continued)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,951	\$68,688	\$18,263
Special Revenue	284,152	195,934	88,218
Debt Service	10,274	11,242	(968)
Total	\$381,377	\$275,864	\$105,513

**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, 2006 was as follows:

	Principal	Interest Rate
Dump Truck	\$21,000	4.30%
Tractor	50,000	5.25%
Total	\$71,000	

During 2004, the Township issued a promissory note in the amount of \$35,000 with an interest rate of 4.30% to finance the purchase of a dump truck for Township road maintenance.

During 2006, the Township issued a promissory note in the amount of \$50,000 with an interest rate of 5.25% to finance the purchase of a John Deere tractor for Township road maintenance.

**CRAWFORD TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	Dump Truck Note	Tractor Note
2007	\$7,903	\$9,768
2008	7,602	9,393
2009	7,301	9,018
2010		8,643
2011		8,268
2012 - 2013		15,410
Total	\$22,806	\$60,500

**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 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**7. Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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

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

**CRAWFORD TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. Risk Management (Continued)**

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>



**CRAWFORD TOWNSHIP  
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. Risk Management (Continued)**

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$14,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

**Contributions to OTARMA**

2004	\$6,472
2005	6,621
2006	6,747

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

**8. Material Noncompliance**

Contrary to the Ohio Revised Code Section 5549.21, the Township purchased road materials and machinery exceeding \$25,000 without evidence of competitive bidding procedures.

Contrary to the Ohio Revised Code Section 5705.39, total appropriations exceeded total estimated resources in certain funds.

Contrary to the Ohio Revised Code Section 5705.41(B), fund level expenditures exceeded appropriations within certain funds.

Contrary to the Ohio Revised Code Section 5705.41(D), certain expenditures tested were not certified as to the availability of funds by the Township Fiscal Officer prior to incurring the obligations.

**CRAWFORD TOWNSHIP  
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**9. Transfers**

During 2006 and 2005, transfers were made between Special Revenue Funds in accordance with AOS Bulletin 98-013 to reimburse funds that originally paid for FEMA expenditures.



# 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*

Crawford Township  
Coshocton County  
52506 County Road 227  
Fresno, Ohio 43824

To the Board of Trustees:

We have audited the financial statements of Crawford Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 5, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: findings number 2006-001 through 2006-003.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-001 through 2006-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 5, 2007.

#### **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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-004 through 2006-007.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated December 5, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

December 5, 2007

**CRAWFORD TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Weakness**

**Board of Trustees Financial Statement and Reconciliation Reviews**

The Board of Trustees does not receive monthly budget versus actual reports and year-to-date financial information from the Township Fiscal Officer for subsequent review and approval as evidenced in the minute records. This prevented the Township Fiscal Officer and the Board of Trustees from properly evaluating, on an on-going basis, the status of estimated versus actual receipt and expenditure activity. In addition, there was no evidence the Board of Trustees reviews and approves the monthly bank reconciliations. As a result, errors or irregularities may occur and not be detected timely.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township Fiscal Officer should submit monthly budget versus actual reports, year-to-date financial information and monthly bank reconciliations to the Board of Trustees for subsequent review and approval as evidenced within the minute records. This will help ensure the Township Fiscal Officer and the Board of Trustees effectively monitor and assess, on an on-going basis, results of estimated versus actual receipt and expenditure activity, as well as the completeness and accuracy of the monthly bank reconciliations.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

**FINDING NUMBER 2006-002**

**Material Weakness**

**Financial Reporting**

The Township Fiscal Officer did not complete the following, as required, on the year-end financial report that was submitted to the Auditor of State: the combined totals for Special Revenue Funds; the Comparison of Budgeted vs. Actual Receipts; and the Comparison of Disbursements and Encumbrances with Expenditure Authority. In addition, the Fiscal Officer did not always properly classify receipts and expenditures in the proper function classification according to the Township's revenue and expenditure ledgers. Numerous reclassifications were necessary to properly reflect the Township's activity.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the Auditor of State is complete and accurate. The Township Fiscal Officer should fully and accurately complete each year-end financial report according to the Township's revenue and expenditure ledgers and in accordance with the Ohio Township Handbook.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

### FINDING NUMBER 2006-003

#### Material Weakness

##### Classification of Receipts and Expenditures

During 2006 and 2005, the Township Fiscal Officer misclassified receipts and expenditures as follows:

- Certain receipts from the County Auditor were originally classified as Miscellaneous rather than Intergovernmental.
- Certain receipts from the sale of assets were originally classified as Miscellaneous rather than Sale of Assets.
- Proceeds from a note were originally classified as Miscellaneous rather than Proceeds from Notes.
- Chip and Seal receipts which were paid by Township residents directly to the vendor were not originally posted as Charges for Services receipts or Public Works expenditures.
- Certain FEMA receipts were originally classified as Miscellaneous rather than Intergovernmental.

As a result, the above receipt and expenditure line items were initially overstated/understated. The financial statements have been adjusted for these adjustments.

The Township Fiscal Officer and the Board of Trustees should periodically monitor the classification of all receipts and expenditures to help ensure Township receipts and disbursements are accurately recorded in accordance with the Ohio Township Handbook.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

### FINDING NUMBER 2006-004

#### Noncompliance Citation

**Ohio Rev. Code Section 5549.21** provides townships may purchase or lease materials, machinery and tools to be used in constructing, reconstructing, maintaining, and repairing roads and culverts from the Township's road fund. However, if the cost of such materials, machinery or tools exceeds twenty-five thousand dollars, the purchase shall be made from the lowest responsible bidder after advertisement, as provided in Ohio Rev. Code Section 5575.01.

During 2006 and 2005, the Township purchased road materials and machinery exceeding \$25,000 without evidence of competitive bidding procedures. The Township Board of Trustees should ensure all purchases of road materials, machinery and tools in excess of \$25,000 are made to the lowest responsible bidder after advertisement to ensure compliance with the Ohio Rev. Code.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

#### FINDING NUMBER 2006-005

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2005, total appropriations exceeded total estimated resources in the General Fund, Motor Vehicle License Tax Fund, and the Gasoline Tax Fund at year end. In addition, the Township did not always obtain certificates from the County Auditor that total appropriations from each fund do not exceed the total amended official estimate of resources for certain appropriation and estimated resource amendments. The Township should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Township Fiscal Officer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

#### FINDING NUMBER 2006-006

##### Noncompliance Citation

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

As of December 31, 2006 and 2005, expenditures exceeded appropriations at the legal level of control by amounts ranging from \$968 to \$46,291. The Township Fiscal Officer and Board of Trustees should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending.

**Officials' Response:** We did not receive a response from the Officials' to this finding.

#### FINDING NUMBER 2006-007

##### Noncompliance Citation

**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.

**FINDING NUMBER 2006-007 (Continued)**

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 one 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.

During fiscal years 2006 and 2005, 70% and 76% of expenditures tested, respectively, were not certified as to the availability of funds by the Township Fiscal Officer prior to incurring the obligations. The Township Fiscal Officer should inform the Board of Trustees the requirements of Ohio Rev. Code Section 5705.41(D). The Township should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which arise from time to time.

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 Fiscal Officer certify the funds are or will be available prior to the 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.

**Officials’ Response:** We did not receive a response from the Officials’ to this finding.



**CRAWFORD TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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>
2004-001	Ohio Rev. Code Section 5705.41(D) – Of the expenditures tested, 90% were not certified by the Clerk prior to incurring the commitment and none of the exceptions noted were utilized.	No	Not Corrected – Refer to Finding Number 2006-007
2004-002	Ohio Rev. Code Section 5705.41(B) – At December 31, 2004 and 2003, fund level expenditures exceeded appropriations within certain funds.	No	Not Corrected – Refer to Finding Number 2006-006





**Mary Taylor, CPA**  
Auditor of State

**CRAWFORD TOWNSHIP**

**COSHOCTON 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  
JANUARY 10, 2008**