



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP
CLERMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Goshen Township
Clermont County
6757 Goshen Road
Goshen, Ohio 45122

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.

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Mary Taylor, CPA
Auditor of State

April 21, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Clermont County
6757 Goshen Road
Goshen, Ohio 45122

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Clermont County, Ohio (the Township), as of and for the year ended 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 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, 2006, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Goshen Township, Clermont County, as of December 31, 2006, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 21, 2008

**GOSHEN TOWNSHIP
CLERMONT 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$307,588	\$2,339,759	\$0	\$2,647,347
Charges for Services	0	346,887	0	346,887
Licenses, Permits, and Fees	125,809	135,634	0	261,443
Fines and Forfeitures	0	14,774	0	14,774
Intergovernmental	246,564	546,901	0	793,465
Special Assessments	0	12,507	0	12,507
Earnings on Investments	108,576	9,204	0	117,780
Miscellaneous	23,689	50,786	0	74,475
	<u>812,226</u>	<u>3,456,452</u>	<u>0</u>	<u>4,268,678</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	383,732	155,129	10,868	549,729
Public Safety	0	2,723,552	0	2,723,552
Public Works	5,342	414,369	0	419,711
Health	43,090	69,582	0	112,672
Conservation - Recreation	8,386	0	0	8,386
Capital Outlay	22,759	112,521	13,879	149,159
Debt Service:				
Redemption of Principal	75,000	0	0	75,000
Interest and Other Fiscal Charges	124,904	0	0	124,904
	<u>663,213</u>	<u>3,475,153</u>	<u>24,747</u>	<u>4,163,113</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>149,013</u>	<u>(18,701)</u>	<u>(24,747)</u>	<u>105,565</u>
Other Financing Receipts / (Disbursements):				
Advances-In	50,000	65,000	0	115,000
Advances-Out	(65,000)	(50,000)	0	(115,000)
Other Financing Sources	5,346	18,145	0	23,491
Other Financing Uses	(1,132)	0	0	(1,132)
	<u>(10,786)</u>	<u>33,145</u>	<u>0</u>	<u>22,359</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	138,227	14,444	(24,747)	127,924
Fund Cash Balances, January 1	<u>454,336</u>	<u>1,070,403</u>	<u>134,776</u>	<u>1,659,515</u>
Fund Cash Balances, December 31	<u>\$592,563</u>	<u>\$1,084,847</u>	<u>\$110,029</u>	<u>\$1,787,439</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$398,056</u>	<u>\$0</u>	<u>\$398,056</u>

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

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**GOSHEN TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 Goshen Township, Clermont County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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 Deposits

The Township's funds are deposited in a checking account and a certificate of deposit. The Township values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash deposits 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:

Ambulance Fund – This fund receives property taxes for providing emergency services to the Township.

Safety Service Fund – This fund receives property taxes for providing safety services to the Township.

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Capital Project Fund – The purpose of this fund is to provide account for the financial activity related to capital projects in the Township including the proceeds and construction costs related to the Township Administration Building bonds.

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 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.

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.

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

2. Equity in Pooled Cash and Investments

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

	2006
Demand deposits	\$1,785,939
Certificates of deposit	1,500
Total deposits	\$1,787,439

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2006 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$680,005	\$817,572	\$137,567
Special Revenue	3,440,019	3,474,597	34,578
Capital Projects	0	0	0
Total	\$4,120,024	\$4,292,169	\$172,145

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$753,211	\$664,345	\$88,866
Special Revenue	3,650,602	3,873,209	(222,607)
Capital Projects	103,878	24,747	79,131
Total	\$4,507,691	\$4,562,301	(\$54,610)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire District Fund, Safety Services Fund, and Lighting District Fund by \$60,384, \$220,494, \$17,598 respectively for the year ended December 31, 2006.

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2006 was as follows:

	Balance 1/1/2006	Payments	Balance 12/31/2006	Interest Rate
Administration Building	\$2,725,000	\$75,000	\$2,650,000	4.790%

The Township Administration Building Bonds were issued in 2004 to finance the building of a new government office/police station. These bonds are general obligations of the Township.

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

Year ending December 31:	Administration Building
2007	\$198,030
2008	195,780
2009	193,342
2010	190,530
2011	187,530
2012 - 2016	975,595
2017 - 2021	952,620
2022 - 2026	964,307
2027 - 2029	578,500
Total	\$4,436,234

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

6. Retirement Systems

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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 2006, OP&F participants contributed 10% of their wages. For 2006, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2006, OPERS members contributed 9%, of their gross salaries and the Township contributed an amount equaling 13.7%, 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.

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.

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

7. Risk Management (Continued)

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>

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(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 \$166,786. 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.

<u>Contributions to OTARMA</u>	
2004	\$66,212
2005	\$88,776
2006	\$83,393

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.

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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*

Goshen Township
Clermont County
6757 Goshen Road
Goshen, Ohio 45122

To the Township Board of Trustees:

We have audited the financial statements of Goshen Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2006, and have issued our report thereon dated April 21, 2008, 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. 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 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.

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 a significant deficiencies in internal control over financial reporting: Finding 2006-002 through 2006-004.

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 the internal control 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 finding number 2006-002 is also a material weakness.

We noted certain matters that we reported to the Township's management in a separate letter dated April 21, 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 2006-001 through 2006-006.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated April 21, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

April 21, 2008

GOSHEN TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Finding for Recovery

Sandy Graham served as elected Township Fiscal Officer from April 2004 to April 2008. During this time she was also appointed to serve as Secretary of Township's Zoning Commission and Township's Board of Zoning Appeals. As Secretary her duties included taking the minutes at all meetings held. For her duties she was compensated at the rate of \$40 per meeting. A review of the Zoning Commission and Board of Zoning Appeals minutes revealed that during FY 2006, the Zoning Commission held ten regular meeting and two public hearings and Board of Zoning Appeals held nine meetings for a total of twenty-one meetings. Therefore, during FY 2006, Sandy Graham, Secretary of the Zoning Commission and Board of Zoning Appeals, should have been paid \$840 for twenty-one meetings. However, during FY 2006, Sandy Graham was paid for twenty-five meetings totaling \$1,000, which resulted in an overpayment of \$160.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sandy Graham, Secretary of Zoning Commission and Board of Zoning Appeals, in the amount of \$160 and in favor of the Zoning fund, fund 2181.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

FINDING NUMBER 2006-002

Noncompliance/ Material Weakness

Ohio Rev. Code, Section 507.07, requires the Township Clerk to maintain the books of the Township and exhibit accurate statements of all monies received and expended.

In addition, **Ohio Admin. Code, Section 117-2-02(A)**, requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Township had the following posting errors in 2006 which resulted in audit adjustments and reclassifications to the financial statements:

**FINDING NUMBER 2006-002
(Continued)**

- The Township posted homestead and rollback revenue to taxes rather than intergovernmental in the General fund, Road & Bridge fund, Police fund, Fire fund, Ambulance fund, and Safety Service fund totaling \$17,271, \$9,869, \$23,966, \$18,964, \$48,017, and \$38,848 respectively.
- The Township posted revenue received for SB3/SB287 to taxes rather than intergovernmental in the General fund, Road & Bridge fund, Police fund, Fire fund, and Ambulance fund totaling \$5,635, \$3,220, \$21,334, \$20,529, and \$20,126 respectively.
- The Township posted revenue received for HB 66 Personal Property Tax Loss Reimbursement to taxes instead of intergovernmental in the General fund, Road & Bridge fund, Police fund, Fire fund, Ambulance fund, and Safety Service fund totaling \$1,482, \$847, \$5,609, \$5,398, 5,292, and \$4,233 respectively.
- The Township posted revenue received for personal property exemption to taxes instead of intergovernmental in the General fund, Road & Bridge fund, Police fund, Fire fund, Ambulance fund, and Safety Service fund totaling \$531, \$304, \$2,012, \$1,936, 1,898, and \$1,518 respectively.
- The Township posted revenue received for the 2nd half manufactured homes homestead all to the General fund totaling \$2,961 rather than posting to the Road & Bridge fund, Police fund, Fire fund, Ambulance fund, and Safety Service fund \$168, \$715, \$648, \$690, and \$740 respectively.
- The Township posted a portion of the 2nd half personal property tax to the General fund rather than the Safety Service fund totaling \$12,506.
- The Township posted revenue received from the US Department of Justice to charges for services rather than intergovernmental in the Police fund totaling \$7,145.
- The Township posted revenue received for cable franchise fees to miscellaneous revenue and other financing sources rather than licenses, permits, and fees in the General fund totaling \$125,808.
- The Township posted revenue received for zoning permits to the General Fund rather than the Zoning fund totaling \$2,618.

As a result of these errors, receipts for certain line items and funds were incorrectly reported on the Annual Report. Significant reclassifications and adjustments were made to individual line items and funds on the financial statements. We recommend due care be exercised when posting entries to the cash journal to prevent errors and assist in properly reflecting the Township's financial activity in the annual report.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

FINDING NUMBER 2006-003

Noncompliance/ Significant Deficiency

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 of an appropriate fund free from any previous encumbrances.

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.

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 encumbrances, 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" certifications 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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 Certificates** – 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.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

General Non-Payroll Disbursements

Nine percent (9%) of the transactions tested did not have certification prior to the obligation date and none of the three exceptions provided above were utilized.

Unrecorded Non-Payroll Liabilities

One hundred percent (100%) of the transactions tested did not have certification prior to obligation date and none of the three exceptions provided above were utilized.

**FINDING NUMBER 2006-003
 (Continued)**

Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, 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 that 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 officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. 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 orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

FINDING NUMBER 2006-004

Noncompliance/ Significant Deficiency

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been properly appropriated. At December 31, 2006, the following funds had total expenditures and contract commitments (including outstanding encumbrances) exceed appropriations:

Fund	Appropriations	Expenditures plus Encumbrances	Actual Expenditures in excess of Appropriations
Fire	\$458,865	\$519,249	\$60,384
Safety Services	961,845	1,182,339	220,494
Lighting District	15,659	33,256	17,597

Expending money when it has not been appropriated could cause the Township to spend funds in excess of available resources. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

FINDING NUMBER 2006-005

Noncompliance

Ohio Rev. Code, Section 507.04(A), states that the Township fiscal officer shall keep an accurate record of the proceedings of the board of township trustees at all its meetings, and all of its accounts and transactions.

During review of the 2006 minutes for the Township's Board of Trustees, Zoning Commission, and Board of Zoning Appeals we noted the following deficiencies:

- The Township's Board of Trustees held six special meetings in which they did not have any written record of the proceedings. However, the Township did have audio recordings on compact disc (CD) for these meetings;
- The Township's Board of Trustees had two special meetings and one regular meeting in which they did not have audio recording of the meetings. However, the Township did have written records for these proceedings.
- There were five instances where the Township's written records for the Board of Trustees regular meeting were not signed by a Trustee or the Fiscal Officer.
- None of the Township's written records of the Zoning Commission meetings were signed by a member of the Board.
- There were several instances where the Township's written records for the Board of Zoning Appeals meetings were not signed by a member of the Board or the secretary.
- During review of the written records for the Board of Zoning Appeals meetings there was no indication that the prior minutes were read and approved by the Board.

Minutes which record the proceedings of the Board of Trustees should be promptly prepared, approved by the Board at the next meeting, and once approved signed by the President and the Fiscal Officer to authenticate the content of the minutes. Failure to prepare the minutes of the Board's meetings promptly could result in an inaccurate and/or incomplete record of the Board's actions that would not be detected in a timely manner, and a lack of availability for the public's inspection of the proceedings of the Board.

We recommend that the Fiscal Officer prepare the minutes of the Board's meetings prior to the next scheduled meeting, submit them for approval, and the Trustees review and approve so that the actions of the Board are accurately recorded and available for public inspection.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

FINDING NUMBER 2006-006

Noncompliance

Ohio Rev. Code, Section 5705.36(A)(1), states that on the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year.

**FINDING NUMBER 2006-006
(Continued)**

The Township did not properly certify the total amount from all sources available for expenditures to the County auditor because they did not include an advance from the General Fund to the Lighting District fund for \$15,000 that was not repaid as of December 31, 2006. We recommend that the Township include all advances that are not repaid by the end of the fiscal year on their Certificate of the Total Amount from all Sources Available for Expenditures, and Balances to ensure they have certified the proper amounts to the county.

Officials' Response:

The Goshen Township Trustees, the Fiscal Officer, and the Township Administrator have addressed many of the findings in the last year. They are working diligently to put policies in place, post accounting entries correctly, and better manage public records to improve processes and prevent the same findings in future audits.

**GOSHEN TOWNSHIP
CLERMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 507.07, maintaining books of Township and OAC Section 117-2-02(A), maintaining accounting system and records.	No	Not corrected; issued as Finding 2006-002.
2005-002	ORC Section 5705.41(D)(1), certify availability of funds for certain commitments	No	Not corrected, issued as Finding 2006-003.
2005-003	ORC Section 5705.39, appropriations exceeding estimated resources	Yes	
2005-004	ORC Section 5705.41(B), expenditures exceeding appropriations.	No	Not corrected, issued as Finding 2006-004.
2005-005	26 USC, Section 3401(a) and 26 USC, Section 3402(a)(1), withholding taxes on wages	Yes	
2005-006	OAC Section 117-2-02(D), maintaining payroll records	No	Partially corrected; issue addressed in the current management letter.



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP

CLERMONT 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
JUNE 19, 2008**