



Mary Taylor, CPA
Auditor of State

PULTNEY TOWNSHIP
BELMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

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.

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

Mary Taylor, CPA
Auditor of State

November 30, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the accompanying financial statements of Pultney Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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 years ended December 31, 2009 and 2008 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, 2009 and 2008, 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 Pultney Township, Belmont County, as of December 31, 2009 and 2008, 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 November 30, 2010, 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

November 30, 2010

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$7,482	\$225,496		\$232,978
Intergovernmental	59,762	163,602		223,364
Earnings on Investments	40	5	\$551	596
Miscellaneous	6,508	2,532		9,040
Total Cash Receipts	<u>73,792</u>	<u>391,635</u>	<u>551</u>	<u>465,978</u>
Cash Disbursements:				
Current:				
General Government	164,184	134,400		298,584
Public Works		224,675		224,675
Health	17,659			17,659
Capital Outlay		5,272		5,272
Total Cash Disbursements	<u>181,843</u>	<u>364,347</u>	<u>0</u>	<u>546,190</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(108,051)</u>	<u>27,288</u>	<u>551</u>	<u>(80,212)</u>
Fund Cash Balances, January 1	<u>328,807</u>	<u>80,190</u>	<u>41,153</u>	<u>450,150</u>
Fund Cash Balances, December 31	<u>\$220,756</u>	<u>\$107,478</u>	<u>\$41,704</u>	<u>\$369,938</u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$7,962	\$235,450		\$243,412
Intergovernmental	459,267	224,106		683,373
Earnings on Investments	303	101	\$649	1,053
Miscellaneous	248			248
Total Cash Receipts	<u>467,780</u>	<u>459,657</u>	<u>649</u>	<u>928,086</u>
Cash Disbursements:				
Current:				
General Government	163,792	151,602		315,394
Public Works		262,952		262,952
Health	17,794			17,794
Capital Outlay		100,712		100,712
Total Cash Disbursements	<u>181,586</u>	<u>515,266</u>	<u>0</u>	<u>696,852</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>286,194</u>	<u>(55,609)</u>	<u>649</u>	<u>231,234</u>
Fund Cash Balances, January 1	<u>42,613</u>	<u>135,799</u>	<u>40,504</u>	<u>218,916</u>
Fund Cash Balances, December 31	<u>\$328,807</u>	<u>\$80,190</u>	<u>\$41,153</u>	<u>\$450,150</u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Pultney Township, Belmont County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Neffs and Spirit of 76 Volunteer Fire Departments to provide fire and ambulance 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. Deposits 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 common stock at fair value when donated.

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:

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Fire Levy Fund - This fund receives property tax money to provide fire protection to Township residents.

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 Bequest Fund - The Township receives interest used for the permanent care and decoration of graves of the cemeteries.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

A summary of 2009 and 2008 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.

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$367,958	\$448,170
Common stock (at fair value at the time of donation)	1,980	1,980
Total deposits and investments	\$369,938	\$450,150

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

Investments: CSX stock is held in certificate form in the custody of the Township. The fair market value of the stock at December 31, 2009 and 2008, was \$38,404 and \$25,716, respectively.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2009, follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$462,373	\$467,780	\$5,407
Special Revenue	411,689	459,657	47,968
Permanent	537	649	112
Total	\$874,599	\$928,086	\$53,487

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,656	\$181,586	(\$68,930)
Special Revenue	500,427	515,266	(14,839)
Permanent	41,041	41,041	41,041
Total	\$654,124	\$696,852	(\$42,728)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,397	\$73,792	\$6,395
Special Revenue	362,367	391,635	29,268
Permanent	273	551	278
Total	\$430,037	\$465,978	\$35,941

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$181,843	(\$181,843)
Special Revenue	0	364,347	(364,347)
Permanent	0	0	0
Total	\$0	\$546,190	(\$546,190)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and all Special Revenue Funds for the year ended December 31, 2009 as the 2009 annual appropriation measure was not approved by the Township Trustees. Also contrary to Ohio law, at December 31, 2008, budgetary expenditures exceeded appropriations in the General Fund by \$68,930, Gasoline Tax Fund by \$32,769, Road and Bridge Fund by \$891, and the Fire Levy Fund by \$18,270.

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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

7. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the financial statements of Pultney Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated November 30, 2010, 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2009-006 through 2009-008 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 30, 2010.

The Township's responses to Finding Nos. 2009-001 and 2009-002 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, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 30, 2010

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Finding For Recovery Repaid Under Audit

The Pultney Township Travel Reimbursement policy states, in pertinent part, that lodging and meals which are deemed necessary for township business, such as conferences and training sessions, will be reimbursed for the township board members, the fiscal officer or any employee provided receipts are submitted.

In 2009 and 2008, the Township reimbursed Franklin Shaffer, Trustee, to attend the winter conference of the Ohio Township Association in Columbus. The Township reimbursed Trustee Shaffer for meals without receipts, meals for his spouse, and alcoholic beverages, in violation of the travel reimbursement policy. The following chart illustrates the reimbursements in violation of Township policy:

Check Number(s)	Date	Description	Amount
10735	3/12/08	Meal at Ted's Montana Grill with no accompanying receipt	\$40
11164	2/25/09	Spouse's meal at Conference: \$14 at Schmidts Sausage Haus; \$10 in alcohol purchases; \$2 tax on above items	\$26
11164	2/25/09	Spouse's meal at Conference: \$10 at Spaghetti Warehouse; \$6 in alcohol purchases; \$1 tax on above items; \$32 in duplicate receipt from Spaghetti Warehouse submitted for reimbursement	\$49
11164	2/25/09	Spouse's meal at Conference: \$25 at P.F. Chang's Chinese Bistro	\$25
			\$140 Total

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-001 (Continued)

Finding For Recovery Repaid Under Audit (Continued)

Note: When detailed receipts were not included, 1/2 of the food bill amount was assumed to belong to the spouse's meal. When detailed receipts were included, the lowest price meal and drink were assumed to belong to the spouse.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Franklin Shaffer, Township Trustee, and his bonding company, the Old Republic Surety Company (Bond No. HP01194383), jointly and severally, in the amount of \$140 and in favor of the Pultney Township General Fund.

On December 15, 2010, Trustee Shaffer repaid \$140 and was deposited to the credit of the Pultney Township General Fund.

Officials' Response: Finding was repaid.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Sections 5705.05 and 5705.06 prohibit Townships from using proceeds from a general levy for current expenses for the construction, reconstruction, resurfacing, or repair of roads and bridges. This had been interpreted as also prohibiting transfers from a township's general fund to their road and bridge fund, unless the general levy monies were segregated from those unrestricted portions of the general fund.

During 2008, the General Fund transferred \$8,000 to the Road and Bridge Fund to cover payroll for the road crew. This transfer is prohibited based on the Ohio Revised Code Section noted above.

This adjustment has been agreed to by Township management and has been posted to the Township's records and is reflected in the accompanying financial statements.

HB 458 effective for fiscal year 2009, states other entities (except counties) may transfer general levy revenue for current expenses to Road and Bridge Funds via a resolution passed by a simple majority of the governing authority. While HB 458 allows these types of expenditures from the General Fund as of January 1, 2009, we recommend the Township review and follow statutes and requirements relating to allowable uses of funds in effect for the period the expenditures will be made.

Officials' Response: Adjustment was posted to the Township's records on August 19, 2010.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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:

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 30 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.

Blanket Certificate – Fiscal Officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance of the Township against any specific line item account not extending beyond the end of the 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.

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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Of the expenditures tested, we noted that 54% of transactions requiring certification were not certified as to the availability of funds prior to incurring these obligations and there was no evidence of a "Then and Now" certificate being utilized. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 Township Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Township Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Township Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

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

FINDING NUMBER 2009-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

In 2009, the Board did not approve an appropriation measure; therefore, the General Fund and all Special Revenue Funds' expenditures exceeded appropriations.

We noted the following funds where expenditures exceeded appropriations at December 31, 2008:

Fund	Appropriations	Expenditures	Variance
General	\$112,656	\$181,586	(\$68,930)
Gasoline Tax	121,112	153,881	(32,769)
Road & Bridge	164,588	165,479	(\$891)
Fire Levy	104,420	122,690	(18,270)

The majority of these variances resulted from the posting of audit adjustments necessary to agree legislatively-approved appropriations to amounts posted to the appropriations ledger.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend an annual appropriation measure and all appropriation changes be approved by the Board of Trustees prior to posting to the appropriations ledger. The Township Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure. In addition, we recommend the Fiscal Officer post appropriations to the computer system as approved by the Board of Trustees.

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

FINDING NUMBER 2009-005

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year.

The Township did not pass a temporary appropriation measure or permanent appropriation measure for 2009.

We recommend the Township ensure its annual appropriation measure is passed so the Township has the spending authority to pay obligations of the Township.

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-006

Significant Deficiency

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Fiscal Officer did not accurately post appropriations to the Uniform Accounting Network (UAN) appropriation ledgers. Variances existed between the amount approved by the Board of Trustees and the amount posted to the accounting system as follows:

December 31, 2008:

Fund	Approved Appropriations	Appropriations per the UAN system	Variance
General	\$112,656	\$501,180	(\$388,524)
Motor Vehicle License Tax	48,242	48,375	(133)
Gasoline Tax	121,111	130,846	(9,735)
Road & Bridge	164,588	184,093	(19,505)
Fire Levy	104,420	122,691	(18,271)

Also, the Fiscal Officer did not properly post budgeted receipts to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following details these variances:

December 31, 2008:

Fund	Budgeted Receipts per Amended Certificate	Budgeted Receipts per Accounting System	Variance
General	\$462,374	\$67,634	(\$394,740)
Motor Vehicle License Tax	18,989	18,856	(133)
Gasoline Tax	94,907	84,173	(10,734)
Road & Bridge	151,915	132,020	(19,895)
Fire Levy	119,796	103,000	(16,796)
Ambulance & EMS	17,080	13,900	(3,180)
Federal Emergency Management Agency (FEMA) (2902)	8,599	0	(8,599)
FEMA (2904)	102	0	(102)
Expendable Trust (4951)	435	163	(272)

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-006 (Continued)

Significant Deficiency (Continued)

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budget verses actual activity. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations per the appropriation resolution.

We recommend the Board of Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after the required approvals have been obtained. We also recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto to the accounting system.

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

FINDING NUMBER 2009-007

Significant Deficiency

The Auditor of State provided through Auditor of State Audit Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on-behalf-of grants or loans. For payments made to a contractor of a project by a grantor directly, the grantor will notify the fiscal officer of the amount disbursed.

Upon receipt of this notice, each local government shall record a receipt and expenditure in the appropriate fund equal to the amount disbursed by the grantor on their behalf.

The Township was the beneficiary of an Issue 1 grant administered by Belmont County on their behalf. The Township did not record receipts or disbursements on their accounting records for this grant during 2008. The Issue 1 receipts and expenditures were \$41,764. Adjustments were made to properly reflect this activity on the accompanying financial statement in 2008.

We recommend the Township refer to Auditor of State Audit Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all monies expended on-behalf-of the Township.

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

FINDING NUMBER 2009-008

Significant Deficiency

All local public offices shall 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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-008 (Continued)

Significant Deficiency (Continued)

The Ohio Township Handbook (revised February 2010) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example. Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2009 and 2008, Township's receipts were not always posted to accurate receipt classifications, based upon the source of the receipt.

For example, in 2009, a grant received from the Belmont Solid Waste Authority in the amount of \$6,000 was posted as "miscellaneous" instead of "intergovernmental". Also in 2009, personal property tax reimbursements of \$254, \$7,643, \$7,754, and \$1,108 were posted to "taxes" instead of "intergovernmental revenue" in the General, Road and Bridge, Fire Levy, and Ambulance Levy Funds', respectively. Also in 2009, homestead & rollback monies of \$683, \$10,435, \$8,383, and \$1,196 were posted to "taxes" instead of "intergovernmental revenue" in the General, Road and Bridge, Fire Levy, and Ambulance Levy Funds', respectively.

In 2008, homestead & rollback monies of \$505, \$10,375, \$8,188, and \$1,168 were posted to "miscellaneous" instead of "intergovernmental revenue" in the General, Road and Bridge, Fire Levy, and Ambulance Levy Funds', respectively. This caused material adjustments to the accompanying financial statements.

We recommend the Township utilize available authoritative resources to appropriately classify receipt transactions.

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.	No	Not corrected; Repeated as Finding No. 2009-003.
2007-002	Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.	No	Not corrected; Repeated as Finding No. 2009-004.
2007-003	Ohio Rev. Code Section 149.351(A) states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of. Monthly credit card statements were not accompanied by invoices.	Yes	N/A.

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Mary Taylor, CPA
Auditor of State

PULTNEY TOWNSHIP

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2010**