

**CRANE TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Crane Township
P.O. Box 331
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditors' Report* of Crane Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Crane Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 29, 2011

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**Crane Township
Wyandot County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

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Independent Auditors' Report

Crane Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Crane Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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 that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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, 2010 and 2009 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, 2010 and 2009, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Crane Township, Wyandot County, Ohio as of December 31, 2010 and 2009, 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 May 19, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in assessing the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 19, 2011

Crane Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2010

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 61,697	22,487	-	84,184
Intergovernmental	75,688	102,925	-	178,613
License, permits and fees	-	36,897	-	36,897
Earnings on investments	1,150	95	-	1,245
Other revenue	<u>1,524</u>	<u>15,375</u>	<u>-</u>	<u>16,899</u>
Total cash receipts	140,059	177,779	-	317,838
Cash disbursements:				
Current:				
General government	114,011	-	-	114,011
Public safety	14,024	-	-	14,024
Public works	-	102,215	-	102,215
Health	22,924	58,927	-	81,851
Capital outlay	4,481	-	-	4,481
Debt service:				
Redemption of principal	-	9,560	1,719	11,279
Interest	<u>-</u>	<u>1,128</u>	<u>-</u>	<u>1,128</u>
Total cash disbursements	<u>155,440</u>	<u>171,830</u>	<u>1,719</u>	<u>328,989</u>
Total receipts over (under) disbursements	(15,381)	5,949	(1,719)	(11,151)
Fund cash balances, January 1	<u>206,109</u>	<u>170,577</u>	<u>2,715</u>	<u>379,401</u>
Fund cash balances, December 31	\$ <u>190,728</u>	<u>176,526</u>	<u>996</u>	<u>368,250</u>
Reserve for encumbrances	\$ <u>5,926</u>	<u>10,680</u>	<u>-</u>	<u>16,606</u>

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

**Crane Township
Wyandot County, Ohio
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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 63,676	18,911	-	82,587
Intergovernmental	53,775	107,508	-	161,283
License, permits and fees	-	40,722	-	40,722
Earnings on investments	4,195	137	-	4,332
Other revenue	<u>75</u>	<u>25,975</u>	<u>-</u>	<u>26,050</u>
Total cash receipts	121,721	193,253	-	314,974
Cash disbursements:				
Current:				
General government	117,669	-	-	117,669
Public safety	13,219	-	-	13,219
Public works	-	77,016	-	77,016
Health	21,096	54,475	-	75,571
Debt service:				
Redemption of principal	-	9,180	1,719	10,899
Interest	<u>-</u>	<u>1,508</u>	<u>-</u>	<u>1,508</u>
Total cash disbursements	<u>151,984</u>	<u>142,179</u>	<u>1,719</u>	<u>295,882</u>
Total receipts over (under) disbursements	(30,263)	51,074	(1,719)	19,092
Fund cash balances, January 1	<u>236,372</u>	<u>119,503</u>	<u>4,434</u>	<u>360,309</u>
Fund cash balances, December 31	\$ <u>206,109</u>	<u>170,577</u>	<u>2,715</u>	<u>379,401</u>
Reserve for encumbrances	\$ <u>3,358</u>	<u>8,643</u>	<u>-</u>	<u>12,001</u>

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

**Crane Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

Description of the Entity

Crane Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery operations. The Township also contracts with the City of Upper Sandusky for fire services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State of Ohio.

Cash

Certificates of deposit are reported as cash. Accordingly, purchases of certificates of deposit are not recorded as disbursements, and sales of certificates of deposit are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate tax, property tax and other revenues collected to construct, maintain and repair Township roads.

Cemetery Fund – This fund receives proceeds from the sale of cemetery lots (included in miscellaneous cash receipts) and other fees for the maintenance and upkeep of cemeteries within the Township.

Capital Projects Fund

This fund is used to account for funds set aside for specific road or other improvement projects.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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.

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.

**Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The ORC prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 282,730	294,985
Certificates of deposit	<u>85,520</u>	<u>84,416</u>
Total deposits	\$ <u>368,250</u>	<u>379,401</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The certificates of deposit bear interest at rates between 3% and 3.25% and mature through August 2011.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 120,800	140,059	19,259
Special Revenue	<u>182,665</u>	<u>177,779</u>	<u>(4,886)</u>
Total	\$ <u>303,465</u>	<u>317,838</u>	<u>14,373</u>

**Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 181,410	161,366	20,044
Special Revenue	222,860	182,510	40,350
Capital Projects	<u>1,719</u>	<u>1,719</u>	<u>-</u>
Total	\$ <u>405,989</u>	<u>345,595</u>	<u>60,394</u>

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 117,086	121,721	4,635
Special Revenue	<u>182,441</u>	<u>193,253</u>	<u>10,812</u>
Total	\$ <u>299,527</u>	<u>314,974</u>	<u>15,447</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 183,550	155,342	28,208
Special Revenue	294,339	150,822	143,517
Capital Projects	<u>1,719</u>	<u>1,719</u>	<u>-</u>
Total	\$ <u>479,608</u>	<u>307,883</u>	<u>171,725</u>

Although 2010 actual receipts in several Special Revenue Funds were less than budgeted receipts, 2010 appropriations did not exceed actual available resources in any fund.

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the

**Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(4) Property Tax, continued

County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property 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) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(6) 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 Workers' 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(6) Risk Management, continued

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	\$ <u>26,101,322</u>	<u>27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$12,000.

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

2008	\$ 5,808
2009	5,678
2010	6,322

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 60 days written notice to OTARMA. 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.

Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(7) Commitments

The Township contracts with the City of Upper Sandusky for fire protection services pursuant to a three-year contract that commenced on July 2, 2010. Terms of the contract require annual payments of \$11,840.

(8) Debt Obligations

At December 31, 2010 and 2009, debt obligations consisted of the following:

Description	<u>2010</u>	<u>2009</u>
2004 Ohio Public Works Commission (OPWC) for Rock Run Road Cooperative Project, due in semi-annual installments of \$859 through 2024 at a rate of 0%.	\$ 23,207	24,926
2008 Kansas State Bank for purchase of backhoe, due in semi-annual installments of \$5,344 through 2012 at a rate of 4.10%.	<u>20,322</u>	<u>29,882</u>
Total debt obligations	\$ <u>43,529</u>	<u>54,808</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2010 are as follows:

<u>Year ending</u> <u>December 31</u>	<u>OPWC</u> <u>Principal</u>	<u>Kansas State Bank</u> <u>Principal</u>	<u>Interest</u>
2011	\$ 1,719	9,955	733
2012	1,719	10,367	321
2013	1,719	-	-
2014	1,719	-	-
2015	1,719	-	-
2016-2020	8,595	-	-
2021-2024	<u>6,017</u>	<u>-</u>	<u>-</u>
	\$ <u>23,207</u>	<u>20,322</u>	<u>1,054</u>

Crane Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(9) Compliance

Contrary to Ohio law:

- In 2009, appropriations exceeded total estimated resources by \$3,000 in the Motor Vehicle License Tax Fund, \$2,000 in the Cemetery Fund and \$1,395 in the Road and Bridge Fund. Appropriations also exceeded actual available resources in these funds.
- The Township did not encumber funds prior to all expenditures.

(10) Subsequent Events

Subsequent events have been evaluated through May 19, 2011, which is the date the financial statements were available to be issued.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Crane Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Crane Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 19, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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 a material misstatement of the financial statements will not be prevented or detected and corrected in a timely manner. We consider Finding 2010-03 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or 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. We consider Findings 2010-01 and 2010-02 described in the accompanying Schedule of Findings to be significant deficiencies.

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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02 and 2010-03.

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 19, 2011

**Crane Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-01
Significant deficiency

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the codes.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In 2010, in the Gasoline Tax fund, major road work expenditures were coded to Capital Outlay instead of Public Works. Reclassifications totaled \$17,081.
- In 2009, a scheduled debt payment of \$1,719 was coded to capital outlay instead of payment of principal.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit is completed are inaccurate.

Response by Township

Public works and capital outlay will be followed as corrected.

Finding Number 2010-02
Noncompliance and Significant deficiency

ORC Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for three of the twelve disbursements tested for the audit period and a Then and Now Certificate was not prepared.

**Crane Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

Finding Number 2010-02 (continued)
Noncompliance and Significant deficiency

Response by Township

Blanket certificates and purchase orders will be used before purchasing or contracting.

Finding Number 2010-03
Noncompliance and material weakness

ORC Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

In 2009, appropriations exceeded estimated resources by \$3,000 in the Motor Vehicle License Tax Fund, \$2,000 in the Cemetery Fund and \$1,395 in the Road and Bridge Fund. The appropriations as entered into the Uniform Accounting Network for these funds did not exceed estimated resources; however, they did not agree to the official appropriations as approved and filed with the County Auditor. Appropriations also exceeded actual available resources in these funds.

Response by Township

Appropriations will be followed more carefully according to estimated revenue.

**Crane Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	Significant adjustments to the financial statements were required	No	Partially corrected. Repeat as Finding 2010-01
2008-02	Ohio Public Works Commission share of Issue I expenditures not recorded	Yes	Finding no longer valid
2008-03	Funds not always encumbered prior to expenditure	No	Repeat as Finding 2010-02
2008-04	Appropriations and estimated receipts entered into UAN did not always agree with the official documents	No	Partially corrected. Repeat as Finding 2010-03
2008-05	Reduced certificate of estimated resources not obtained	Yes	Finding no longer valid
2008-06	Fiscal officer bond not sufficient per requirements of ORC	Yes	Finding no longer valid
2008-07	Certificate of deposit interest not recorded	Yes	Finding no longer valid

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Dave Yost • Auditor of State

CRANE TOWNSHIP

WYANDOT 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
JULY 14, 2011