



Dave Yost • Auditor of State

YORK TOWNSHIP
ATHENS COUNTY

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Dave Yost • Auditor of State

York Township
Athens County
589 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

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

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Dave Yost
Auditor of State

November 4, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

York Township
Athens County
589 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Athens 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. 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(A) mandates 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, 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 its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and of York Township, Athens County, 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 November 4, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 4, 2011

**YORK TOWNSHIP
ATHENS COUNTY**

**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>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 36,340	\$ 294,601	\$ 330,941
Licenses, Permits, and Fees		24,950	24,950
Intergovernmental	21,436	143,015	164,451
Special Assessments	1,773		1,773
Earnings on Investments	834	1,115	1,949
Miscellaneous	56,469	7,647	64,116
	<u>116,852</u>	<u>471,328</u>	<u>588,180</u>
Total Cash Receipts			
	<u>116,852</u>	<u>471,328</u>	<u>588,180</u>
Cash Disbursements:			
Current:			
General Government	75,752	3,000	78,752
Public Safety	1,118	30,350	31,468
Public Works		196,800	196,800
Health	392	211,025	211,417
Capital Outlay	300	146,465	146,765
	<u>77,562</u>	<u>587,640</u>	<u>665,202</u>
Total Cash Disbursements			
	<u>77,562</u>	<u>587,640</u>	<u>665,202</u>
Total Cash Receipts Over/(Under) Cash Disbursements	39,290	(116,312)	(77,022)
Other Financing Receipts / (Disbursements):			
Sale of Notes		65,000	65,000
		<u>65,000</u>	<u>65,000</u>
Total Other Financing Receipts / (Disbursements)	0	65,000	65,000
	<u>0</u>	<u>65,000</u>	<u>65,000</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	39,290	(51,312)	(12,022)
	<u>39,290</u>	<u>(51,312)</u>	<u>(12,022)</u>
Fund Cash Balances, January 1	14,687	279,617	294,304
	<u>14,687</u>	<u>279,617</u>	<u>294,304</u>
Fund Cash Balances, December 31	<u>\$ 53,977</u>	<u>\$ 228,305</u>	<u>\$ 282,282</u>

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

**YORK TOWNSHIP
ATHENS 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>	
Cash Receipts:			
Property and Other Local Taxes	\$ 40,160	\$ 298,599	\$ 338,759
Licenses, Permits, and Fees		27,725	27,725
Intergovernmental	18,424	141,648	160,072
Special Assessments	2,243		2,243
Earnings on Investments	1,279	1,310	2,589
Miscellaneous	2,054	33,079	35,133
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,160	502,361	566,521
Cash Disbursements:			
Current:			
General Government	79,813	24,999	104,812
Public Safety	2,257	20,674	22,931
Public Works		176,008	176,008
Health	639	250,832	251,471
Capital Outlay	2,769	21,471	24,240
Debt Service:			
Redemption of Principal		6,149	6,149
Interest and Other Fiscal Charges		110	110
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,478	500,243	585,721
Total Cash Receipts Over/(Under) Cash Disbursements	(21,318)	2,118	(19,200)
Fund Cash Balances, January 1	36,005	277,499	313,504
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 14,687	\$ 279,617	\$ 294,304

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

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 York Township, Athens 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 and fire protection services.

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Fiscal Officer of the Township invests all available funds of the Township in an interest bearing checking account. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

YORK TOWNSHIP
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

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

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds (Continued)**

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

Cemetery - This fund receives property tax money for maintaining Township 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. 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 cancelled, and reappropriated in the following year. The Township did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits

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:

	2010	2009
Demand deposits	\$250,722	\$262,744
Certificates of deposit	31,560	31,560
Total deposits	\$282,282	\$294,304

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

3. Budgetary Activity

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

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,665	\$116,852	(\$8,813)
Special Revenue	590,751	536,328	(54,423)
Total	\$716,416	\$653,180	(\$63,236)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,828	\$77,562	\$22,266
Special Revenue	769,354	587,640	181,714
Total	\$869,182	\$665,202	\$203,980

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$64,160	\$64,160
Special Revenue	0	502,361	502,361
Total	\$0	\$566,521	\$566,521

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,969	\$85,478	\$27,491
Special Revenue	609,975	500,243	109,732
Debt Service	15,239	0	15,239
Capital Projects	8,400	0	8,400
Total	\$746,583	\$585,721	\$160,862

Contrary to Ohio law, budgetary appropriations exceeded actual resources in the Gasoline Tax Fund by \$6,336, and the Road District Fund by \$2,722 for the year ended December 31, 2010 and in the General Fund by \$12,804 and the Maiden Gravel Pit Fund by \$9,335 for the year ended December 31, 2009.

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the General Fund by \$76,964, the Motor Vehicle License Tax Fund by \$8,984, the Gasoline Tax Fund by \$77,343, the Road and Bridge Fund by \$18,371, the Cemetery Fund by \$208,338, the Fire District Fund by \$8,893, the Road District Fund by \$15,602, the Permissive Motor Vehicle License Tax Fund by \$4,422 and the Maiden Gravel Pit Fund by \$24,622 for the year ended December 31, 2009.

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, 2010 was as follows:

	Principal	Interest Rate
General Obligation Notes - Equipment	\$58,411	4.15%

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt (Continued)

The Equipment General Obligation Note was for the purchase of road equipment. The original note payable was for \$65,262. The full faith and credit of the Township has been pledged to repay the debt.

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

Year ending December 31:	General Obligation Note Equipment
2011	<u>\$21,143</u>
2012	22,045
2013	<u>15,223</u>
Total	<u><u>\$58,411</u></u>

6. Retirement System

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 2010 and 2009, 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, 2010.

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. 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 judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

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, 2010, 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.

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$9,907	\$9,313

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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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Dave Yost • Auditor of State

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

York Township
Athens County
589 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the financial statements of York Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 4, 2011, 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 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(A) mandates 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to 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 a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-007 described in the accompanying Schedule of Findings to be a material weakness.

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 2010-001 through 2010-006.

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 4, 2011.

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.

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.



Dave Yost
Auditor of State

November 4, 2011

YORK TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Finding for Recovery Repaid Under Audit

On payroll dated June 22, 2009, Cemetery Sexton, Paul Sufronko was overpaid \$144. The timesheet approved by the Township Trustees and Township Fiscal Officer noted 72 regular hours, 8 vacation hours and 2 overtime hours. However, the hours were incorrectly entered into the UAN system. The UAN system noted 80 regular hours, 8 vacation hours and 2 overtime hours.

On payroll dated August 2, 2010, Mr. Sufronko was over paid \$27. The timesheet approved by the Township Trustees and Township Fiscal Officer noted 80 regular hours and 1.5 overtime hours. However, the hours were incorrectly entered into the UAN system. The UAN system noted 80 regular hours and 2.5 overtime hours.

On payroll dated August 16, 2010, Mr. Sufronko was over paid \$34. The timesheet approved by the Township Trustees and Township Fiscal Officer noted 80 regular hours. However, the hours were incorrectly entered into the UAN system. The UAN system noted 80 regular hours and 1.25 overtime hours.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding For Recovery for public illegally expended is hereby issued against Paul Sufronko, Cemetery Sexton, and his bonding company, The Ohio Casualty Insurance Company, in the amount of \$205 and in favor of the Township's Cemetery Fund.

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 strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (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 liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen 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.

Mary Ellen Hurd was Township Fiscal Officer from January through October 8, 2009; Paul Sufronko was Cemetery Sexton and Township Fiscal Officer from October 2009 through September 6, 2010. Mary Ellen Hurd issued the warrant resulting in the June 22, 2009, overpayment of \$144 to Paul Sufronko. Accordingly, Mary Ellen Hurd and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$144 and in favor of the Township Cemetery Fund to the extent that recovery is not obtained from Paul Sufronko.

The finding was paid in full (check #1528) by Paul Sufronko on October 31, 2011.

Officials' Response: Paul Sufronko has repaid the amount of overpayment.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2010, the Township signed promissory notes with a local bank to purchase equipment for \$65,262. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. Failure to comply with the Ohio Revised Code could result in improper use of township money.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. We recommend the Township contact their legal counsel before incurring future debt.

Officials' Response: The Township chose not to respond to this finding.

FINDING NUMBER 2010-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states that on or about 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.

The Township did file the certificate with the County Auditor for 2009; however, the amounts were incorrect. Therefore, the Budget Commission did not issue an amended certificate for the Township for 2009.

As a result the Township was unable to properly budget their expenditures, which could lead to expending more money than is available.

We recommend the Township file correct information on the certificate with the County Auditor on or about the first day of each fiscal year.

Officials' Response: Certificates of revenue and amended certificates are now being filed with the County Auditor as required.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-004

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

We noted appropriations were greater than actual resources in 2010 as follows:

Fund	Actual Resources	Appropriation Authority	Variance
Gasoline Tax	\$198,664	\$205,000	(\$6,336)
Road District	90,278	93,000	(2,722)

We noted appropriations were greater than actual resources in 2009 as follows:

Fund	Actual Resources	Appropriation Authority	Variance
General	\$100,165	\$112,969	(\$12,804)
Maiden Gravel Pit	39,665	49,000	(9,335)

This could cause the Township to spend more money than is available to spend.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In the situation where appropriations exceed actual resources, the Township should adjust appropriations accordingly.

Officials' Response: Current appropriations do not exceed estimated revenue.

FINDING NUMBER 2010-005

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources at December 31, 2009, in the following funds:

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-005 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5709.39 (Continued)

Fund	Estimated Resources	Appropriation Authority	Variance
General	\$36,005	\$112,969	(\$76,964)
Motor Vehicle License Tax	6,016	15,000	(8,984)
Gasoline Tax	44,557	121,900	(77,343)
Road and Bridge	34,079	52,450	(18,371)
Cemetery	68,962	277,300	(208,338)
Fire District	31,932	40,825	(8,893)
Road District	25,398	41,000	(15,602)
Permissive Motor Vehicle License Tax	5,578	10,000	(4,422)
Maiden Gravel Pit	24,378	49,000	(24,622)

This was the result of the Township not obtaining an amended certificate from the County Auditor for 2009. This could cause the Township to spend more than what is available, which could result in negative fund balances.

We recommend the Fiscal Officer monitor its estimated revenue and appropriations to ensure that appropriations are within estimated resources.

Officials' Response: Current appropriations do not exceed estimated revenue.

FINDING NUMBER 2010-006

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:

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-006 (Continued)

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

Then and Now Certificate - If the fiscal officer can certify that both at the time 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 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 resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Township 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 for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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.

Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 27% of transactions tested for 2009, 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 of 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 the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certificates should be used.

YORK TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-006 (Continued)

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

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 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 Fiscal Officer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

Officials' Response: Blanket purchase orders, regular purchase orders and on occasion then and now purchase orders are now issued prior to all purchases made by the Township. Resolutions in reference to amounts that purchase orders may be issued by Fiscal Officer will be adopted at the next regular meeting to be held November 17, 2011.

FINDING NUMBER 2010-007

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township misclassified intergovernmental receipts (Manufactured Home Rollback, Personal Property Tax Reimbursement, Public Utility Tax & Tangible Personal Property) as Taxes in the General Fund in the amount of \$3,102 and in the Special Revenue Funds in the amount of \$29,373 in 2009. In addition, the same misclassifications were made of intergovernmental receipts as Taxes in the General Fund in the amount of \$8,378 and in the Special Revenue Funds in the amount of \$62,840 in 2010.

In addition, in 2009, the Township posted debt payments to capital outlay rather than principal and interest in the amount of \$8,874. In 2010, the Township posted debt payments to capital outlay rather than principal and interest in the amount of \$20,873.

The Fiscal Officer posted material adjustments to the financial statements and accounting records.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts.

Officials' Response: Intergovernmental receipts have all been corrected for the year 2011. Debt principle and interest have been properly posted to corresponding accounts for the year 2011.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for Recovery for an overpayment to York Paving.	Yes	
2008-002	Ohio Rev. Code Section 9.38 for depositing timely.	Yes	
2008-003	Ohio Rev. Code Sections 9.24(E), 5575.01, 5549.21 regarding competitive bidding.	Yes	
2008-004	Ohio Rev. Code 5705.41(D)(1) for not properly encumbering.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2010-006.
2008-005	Material Weakness for material adjustments made to the financial statements.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2010-007.
2008-006	Material Weakness for budgeted receipts and appropriations not agreeing to the accounting system.	Yes	

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Dave Yost • Auditor of State

YORK TOWNSHIP

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 29, 2011