



**Auditor of State
Betty Montgomery**

GOSHEN TOWNSHIP
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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**Auditor of State
Betty Montgomery**

Goshen Township
Auglaize County
P.O. Box 84
New Hampshire, Ohio 45870

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 a February 2, 2005 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 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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 21, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Auglaize County
P.O. Box 84
New Hampshire, Ohio 45870

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Auglaize County, (the Township), as of and for the years ended December 31, 2004 and 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 June 21, 2005, 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.



Betty Montgomery
Auditor of State

June 21, 2005

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$13,084	\$9,784	\$22,868
Intergovernmental Receipts	24,253	82,240	106,493
Fines, Licenses, and Permits	2,915	14,027	16,942
Earnings on Investments	105	250	355
Miscellaneous		13,652	13,652
	<u>40,357</u>	<u>119,953</u>	<u>160,310</u>
Cash Disbursements:			
Current:			
General Government	29,359		29,359
Public Safety	6,220		6,220
Public Works	2,300	60,525	62,825
Health	2,294	24,812	27,106
Capital Outlay		43	43
	<u>40,173</u>	<u>85,380</u>	<u>125,553</u>
Total Receipts Over Disbursements	184	34,573	34,757
Fund Cash Balances, January 1	<u>(394)</u>	<u>93,546</u>	<u>93,152</u>
Fund Cash Balances, December 31	<u><u>(\$210)</u></u>	<u><u>\$128,119</u></u>	<u><u>\$127,909</u></u>

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

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$12,202	\$9,136	\$21,338
Intergovernmental Receipts	23,991	58,259	82,250
Fines, Licenses, and Permits	360	16,722	17,082
Earnings on Investments	105	194	299
Miscellaneous	124	6,400	6,524
	<u>36,782</u>	<u>90,711</u>	<u>127,493</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	31,258	3,080	34,338
Public Safety	6,209		6,209
Public Works	2,297	58,609	60,906
Health	3,461	20,680	24,141
	<u>43,225</u>	<u>82,369</u>	<u>125,594</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(6,443)</u>	<u>8,342</u>	<u>1,899</u>
Other Financing Receipts and (Disbursements):			
Advances-In	1,600	1,600	3,200
Advances-Out	(1,600)	(1,600)	(3,200)
Other Financing Sources	26		26
	<u>26</u>	<u></u>	<u>26</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,417)	8,342	1,925
Fund Cash Balances, January 1	<u>6,023</u>	<u>85,204</u>	<u>91,227</u>
Fund Cash Balances, December 31	<u><u>(\$394)</u></u>	<u><u>\$93,546</u></u>	<u><u>\$93,152</u></u>

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

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 the Goshen Township, Auglaize County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees Township directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Wayne Township, Auglaize County, to provide fire services and Indian Lake Emergency Medical Services, Inc. to provide ambulance services.

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

B. Basis of Accounting

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. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Township had no investments during the audit period.

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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Cemetery Fund - This fund receives revenue from the sale of burial lots, opening/closing fees, and foundation fees to pay for the maintenance of the cemetery.

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year

A summary of 2004 and 2003 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	<u>\$127,909</u>	<u>\$93,152</u>

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

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,398	\$40,357	\$2,959
Special Revenue	87,273	119,953	32,680
Total	\$124,671	\$160,310	\$35,639

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,038	\$40,173	\$865
Special Revenue	176,783	85,380	91,403
Total	\$217,821	\$125,553	\$92,268

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,428	\$36,808	(\$9,620)
Special Revenue	92,609	90,711	(1,898)
Total	\$139,037	\$127,519	(\$11,518)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,451	\$43,225	\$9,226
Special Revenue	177,812	82,369	95,443
Total	\$230,263	\$125,594	\$104,669

During 2003, the Township recorded both a gasoline tax receipt belonging to the Gasoline Tax Fund, and a personal property tax receipt belonging to the Road and Bridge Fund, in the General Fund. These posting errors violated Ohio Rev. Code Section 5705.10. After adjusting the financial statements for these posting errors, the General Fund had a negative cash balance at the end of 2004 and 2003 which also violated Ohio Rev. Code Section 5705.10.

During 2003 and 2004, the Township did not obtain an amended certificate of estimated resources when it was determined that actual receipts were going to be less than budgeted receipts. This violated the requirements of Ohio Rev. Code Section 5705.36

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts 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 State pays the Township amounts equaling these deductions. The Township includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

7. Subsequent Events

The Township has encountered negative fund balances in its General Fund as of December 31, 2004 and December 31, 2003. The Trustees have passed resolutions to have the Auglaize County Prosecutor look into the possibility of obtaining a court order that would allow the Township to permanently transfer monies from the Special Revenue Fund, primarily the Gasoline Tax Fund, into the General Fund. Currently, the matter has not been presented before the Auglaize Common Pleas Court.

The Township, during November 2004, passed a tax levy to assist in paying for the fire and ambulance contracts. In the past, 100% of the costs for these contracts were paid for with General Fund monies. The Township started receiving payments from this levy during March 2005.

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Auditor of State Betty Montgomery

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

Goshen Township
Auglaize County
P.O. Box 84
New Hampshire, Ohio 45870

To the Board of Trustees:

We have audited the financial statements of Goshen Township (the "Township") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 21, 2005, 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 that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated June 21, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-004. In a separate letter to the Township's management dated June 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Goshen Township
Auglaize County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 21, 2005

**GOSHEN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Finding for Recovery

Ohio Rev. Code Section 505.60.2 states that a board of township trustees may procure and pay all or any part of the cost of group life insurance to insure the lives of officers and full-time employees of the township. The amount of group life insurance coverage provided by the board to insure the lives of officers of the township shall not exceed fifty thousand dollars per officer.

During 2003, the Township reimbursed Donald Spangler, Trustee, for three life insurance policies; \$500 for a \$100,000 policy from The Western-Southern Life Insurance Company, \$160 for a \$100,000 policy from Celtic Insurance Company, and \$40 for a \$5,000 policy from RBC. During 2004, the Township reimbursed Donald Spangler, Trustee, for three life insurance policies; \$600 for a \$100,000 policy from The Western-Southern Life Insurance Company, \$160 for a \$100,000 policy from Celtic Insurance Company, and \$40 for a \$5,000 policy from RBC. The aggregate reimbursement, for the period of January 1, 2003 through December 31, 2004, for life insurance policy premiums in excess of \$50,000 was \$950 (\$250 + \$160 + \$40 + \$300 + \$160 + 40).

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money that has been illegally expended, is hereby rendered against, Donald Spangler, Trustee, and his bonding company Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$950, and in favor of the Township's General Fund (\$237.50) and the Gas Tax Fund (\$712.50).

This finding for recovery was repaid on July 14, 2005 with receipt number 52-2005.

FINDING NUMBER 2004-002

Finding for Recovery

Ohio Rev. Code Section 505.60.2 states that a board of township trustees may procure and pay all or any part of the cost of group life insurance to insure the lives of officers and full-time employees of the township. The amount of group life insurance coverage provided by the board to insure the lives of officers of the township shall not exceed fifty thousand dollars per officer.

During 2003, the Township reimbursed Gary Horn, Trustee, for two insurance policies; \$500 for a \$50,000 policy from The Great Southern Life Insurance Company and \$321 for a \$10,000 policy from Mutual of Omaha. During 2004, the Township reimbursed Gary Horn, Trustee, for two insurance policies; \$500 for a \$50,000 policy from The Great Southern Life Insurance Company and \$675 for a \$10,000 policy from Mutual of Omaha. The aggregate reimbursement, for the period of January 1, 2003 through December 31, 2004 for the \$10,000 insurance policy from Mutual of Omaha, was \$996.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money that has been illegally expended, is hereby rendered against, Gary Horn, Trustee, and his bonding company Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$996, and in favor of the Township's General Fund (\$249) and the Gas Tax Fund (\$747).

**FINDING NUMBER 2004-002
 (Continued)**

This finding for recovery was repaid on July 14, 2005 with receipt number 53-2005. The amount repaid was \$821 which represents the cost of the Mutual of Omaha policy during 2003 and the Great Southern Life Insurance Company policy during 2004. This repayment reduced the amount of life insurance coverage to less than \$50,000 for each year.

FINDING NUMBER 2004-003

Noncompliance

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. In addition, this Section states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

During 2003, the Township recorded a gasoline tax receipt belonging to the Gasoline Tax Fund and a personal property tax receipt belonging to the Road & Bridge Fund, in the General Fund.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The financial statements in this report reflect these adjustments. The required adjustments had the following effect upon the respective funds:

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge Fund</u>
2003	(\$4,034)	\$3,875	159

After recording these adjustments to the financial statements, the Township's General Fund had negative a cash fund balances (\$210) during 2004 and (\$394) during 2003.

The Township should implement review and monitoring procedures to help assure that revenues are recorded in the correct fund.

FINDING NUMBER 2004-004

Noncompliance

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township did not obtain an amended certificate of estimated resources for the following funds that had available resources less than appropriations.

**FINDING NUMBER 2004-004
 (Continued)**

<u>Year</u>	<u>Fund Name</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2004	General	\$39,963	\$41,038	(\$1,075)
2004	Permissive Tax	9,384	9,621	(237)
2003	General	42,831	52,451	(9,620)
2003	Motor Vehicle License Tax	15,222	15,799	(577)
2003	Gas Tax	98,752	99,382	(630)
2003	Road and Bridge	30,277	30,353	(76)
2003	Cemetery	23,625	24,551	(926)

The Township should implement monitoring procedures to help identify instances when actual resources are going to fall below the current level of appropriations.



**Auditor of State
Betty Montgomery**

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GOSHEN TOWNSHIP

AUGLAIZE 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
AUGUST 16, 2005**