



**Auditor of State
Betty Montgomery**

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

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**Auditor of State
Betty Montgomery**

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

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.

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Betty Montgomery
Auditor of State

November 3, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the accompanying financial statements of Roundhead Township, Hardin 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 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 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.

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 and reserves for encumbrances 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 November 3, 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

November 3, 2005

**ROUNDHEAD TOWNSHIP
HARDIN 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$30,747	\$9,775	\$40,522
Intergovernmental	22,525	81,098	103,623
Charges for Services		4,000	4,000
Licenses, Permits, and Fees		700	700
Earnings on Investments	1,259	636	1,895
Other Revenue	2,376	168	2,544
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,907	96,377	153,284
Cash Disbursements:			
Current:			
General Government	32,786		32,786
Public Safety	350	15,022	15,372
Public Works	2,821	46,078	48,899
Health	12,088		12,088
Conservation - Recreation	6,250		6,250
Debt Service:			
Redemption of Principal		6,808	6,808
Interest and Fiscal Charges		1,474	1,474
Capital Outlay	6,076	2,987	9,063
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,371	72,369	132,740
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(3,464)	24,008	20,544
Other Financing Receipts:			
Sale of Fixed Assets		2,755	2,755
	<hr/>	<hr/>	<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(3,464)	26,763	23,299
Fund Cash Balances, January 1	117,364	75,106	192,470
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$113,900</u>	<u>\$101,869</u>	<u>\$215,769</u>
Reserve for Encumbrances, December 31		<u>\$1,000</u>	<u>\$1,000</u>

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

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Cash Receipts	
Earnings of Investments	\$11
Operating Cash Disbursements	<u>16</u>
Operating Loss	(5)
Fund Cash Balances, January 1	<u>2,587</u>
Fund Cash Balances, December 31	<u><u>\$2,582</u></u>

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

**ROUNDHEAD TOWNSHIP
HARDIN 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$34,636	\$10,447	\$45,083
Intergovernmental	19,871	65,264	85,135
Charges for Services		4,000	4,000
Earnings on Investments	1,037	629	1,666
Other Revenue	2,329	168	2,497
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	57,873	80,508	138,381
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	40,956		40,956
Public Safety		7,952	7,952
Public Works	2,396	55,693	58,089
Health	4,510	5,025	9,535
Conservation - Recreation	7,500		7,500
Capital Outlay		52,108	52,108
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	55,362	120,778	176,140
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	2,511	(40,270)	(37,759)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Note Proceeds		41,250	41,250
	<hr/>	<hr/>	<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	2,511	980	3,491
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	114,853	74,126	188,979
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$117,364</u>	<u>\$75,106</u>	<u>\$192,470</u>

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

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Cash Receipts	
Earnings of Investments	\$19
Operating Cash Disbursements	<u>13</u>
Operating Income	6
Fund Cash Balances, January 1	<u>2,581</u>
Fund Cash Balances, December 31	<u><u>\$2,587</u></u>

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

**ROUNDHEAD TOWNSHIP
HARDIN 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 Roundhead Township, Hardin County, (the "Township"), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance, fire protection, and cemetery maintenance.

The Township appoints a Board Member to the Upper Scioto Valley District which provides emergency medical services, by contract, to the Township. The entity is further discussed in Note 9.

The Township's management believes these financial statements present all activities for which the Township is financially accountable. A joint venture is described in Note 8.

B. Basis of Accounting

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

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

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit, money market accounts, savings accounts, and STAR Ohio accounts 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Funds)

These funds account for resources restricted by legally binding trust agreements. The Township had the following significant nonexpendable trust funds:

Cemetery Bequest Funds – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

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

	2004	2003
Demand deposits	\$61,959	\$40,474
Savings Accounts	2,592	2,594
Money market account	49,616	49,122
Certificates of deposit	1,013	1,000
Total deposits	115,180	93,190
STAR Ohio		
Total investments	103,171	101,867
Total deposits and investments	\$218,351	\$195,057

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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	\$54,653	\$56,907	\$2,254
Special Revenue	104,625	99,132	(5,493)
Fiduciary	40	11	(29)
Total	<u>\$159,318</u>	<u>\$156,050</u>	<u>(\$3,268)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$168,795	\$60,371	\$108,424
Special Revenue	179,848	73,369	106,479
Fiduciary	40	16	24
Total	<u>\$348,683</u>	<u>\$133,756</u>	<u>\$214,927</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,962	\$57,873	\$5,911
Special Revenue	59,943	121,758	61,815
Fiduciary	40	19	(21)
Total	<u>\$111,945</u>	<u>\$179,650</u>	<u>\$67,705</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,912	\$55,362	\$95,550
Special Revenue	134,069	120,778	13,291
Fiduciary	40	13	27
Total	<u>\$285,021</u>	<u>\$176,153</u>	<u>\$108,868</u>

**ROUNDHEAD TOWNSHIP
HARDIN 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 Trustees adopt 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, 2004 was as follows:

	Principal	Interest Rate
Promissory Note	\$34,602	3.5%

The Township issued a promissory note to Liberty National Bank on October 14, 2003, in the amount of \$41,410 to purchase a truck. The actual proceeds of this note were \$41,250. This note matures October 14, 2008. Interest and principal payment is due annually to Liberty National Bank.

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

Year ending December 31:	Promissory Note
2005	\$10,931
2006	9,164
2007	8,870
2008	8,577
Total	\$37,542

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these 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 participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

7. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

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. Townships 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.

Property Coverage

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 up to \$500,000,000 per occurrence. 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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

8. JOINT VENTURE

The Township is a member of the McDonald-Roundhead Joint Recreational District (JRD) which was established during 2001. The JRD is operated by a five member Board consisting of representatives from both McDonald Township and Roundhead Township. The Trustees of each township select the JRD Board, whose members have staggered terms to allow the JRD Board to consist of three members representing McDonald Township in one year, and three members representing Roundhead Township the following year. During the initial year, the McDonald Township trustees appointed three members to the JRD Board (one 3 year term, one 2 year term, and one 1 year term) and two members (one 3 year term and one 2 year term) were appointed by the Roundhead Township trustees. The two townships budget and fund the McDonald-Roundhead Joint Recreational District in shares proportionate to the tax valuation of each township, in such amount as the township trustees mutually agree upon.

9. JOINTLY GOVERNED

The Township appoints a Board Member to the Upper Scioto Valley Ambulance District (the "District"). One board member is appointed by each political subdivision within the District which consists of Marion Township, McDonald Township, Roundhead Township, the Village of Alger, and the Village of McGuffey, all located in Hardin County. The District provides ambulance services within the District.



**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***

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the financial statements of Roundhead Township, Hardin County (the "Township"), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 3, 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 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated November 3, 2005, we reported an other matter involving internal control over financial reporting which 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Township's management dated November 3, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and 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

November 3, 2005

**ROUNDHEAD TOWNSHIP
HARDIN 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

Noncompliance

Ohio Rev. Code Section 505.24(C) states that the salary of a township trustee shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. During 2004 and 2003, the Township paid 100% of the salary of each Trustee from the Gasoline Tax Fund without passing a resolution that would have allocated wages in proportion to the benefit received by each fund.

On November 28, 2005, the Township passed a resolution retroactive to January 1, 2003 authorizing the payment of 100% of the wages of each Trustee from the Gasoline Tax Fund. As a result, no adjustments were necessary to financial statements in this report or to the Township records.

The Township should continue to monitor the time spent by each of the Trustees to help assure this salary allocation is appropriate to the benefit received by the Gasoline Tax Fund. If necessary, a new resolution should be passed to change the allocation of the wages between funds.

FINDING NUMBER 2004-002

Reportable Condition

Weaknesses in Financial Reporting

To help provide meaningful information to the users of an entity's financial statements, supporting ledgers, and bank-to-book reconciliations, procedures and controls should be in place to help prevent and detect errors. The Township's 2004 and 2003 financial statements required approximately thirty-four adjustments to correct reporting errors. These errors included revenue and expenditure classification errors, receipts recorded in the wrong fund, and differences between the supporting ledgers and the annual financial statements. In addition, the December 31, 2004 and 2003 bank-to-book reconciliations included errors in the reported deposit balances and outstanding check lists.

Errors in the financial statements, supporting ledgers, and bank-to-book reconciliations, inhibit the ability of both the Township Clerk and the Trustees to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

The Township Clerk should review the Ohio Township Manual, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and expenditures. Prior to filing and making available for public inspection the Township's annual financial statements, the Clerk should reconcile the manual revenue and expenditure ledgers by line item to the annual financial statements to help detect errors. Bank reconciliations should be reviewed for accuracy prior to being presented for review to the Trustees. Periodically the Trustees should perform a review of the revenue and expenditures ledgers, along with the monthly bank-to-book reconciliations to help identify errors and/or irregularities.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 and 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-40233-001	ORC Sec. 5705.41(D) – The Township failed to certify expenditures prior to obligation	Yes	



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ROUNDHEAD TOWNSHIP

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 13, 2005**