

WELLER TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Weller Township
2155 State Route 96
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of Weller Township, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Mary Taylor, CPA
Auditor of State

April 21, 2009

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**WELLER TOWNSHIP, OHIO
RICHLAND COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

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**CERTIFIED PUBLIC ACCOUNTANTS
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Wadsworth, Ohio 44281
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INDEPENDENT AUDITOR'S REPORT

Weller Township
2115 State Route 96
Ashland, Ohio 44805

To the Township Trustees:

We have audited the accompanying financial statements of Weller Township, Richland County, (the Township), as of and for the years ended December 31, 2007 and 2006. 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 obtain reasonable assurance 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 years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 reformat its statements. Since the 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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, 2007 and 2006, 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, 2007 and 2006, 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 reserves for encumbrances of the Township, as of December 31, 2007 and 2006, 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 years ended December 31, 2007 and 2006. 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 March 19, 2009, 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 express an opinion 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

March 19, 2009

Weller Township
Richland County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2007

	General	Special Revenue	Permanent	Total (Memorandum Only)
Cash Receipts				
Local Taxes	\$25,402	\$262,452	\$0	\$287,854
Charges for Services	816	7,440	0	8,256
Intergovernmental	81,479	115,984	0	197,463
Licenses, Permits and Fees	640	0	0	640
Earnings on Investments	10,367	1,992	427	12,786
Miscellaneous	108	0	0	108
Total Cash Receipts	118,812	387,868	427	507,107
Cash Disbursements				
Current:				
General Government	83,367	0	0	83,367
Public Safety	0	47,403	0	47,403
Public Works	0	252,651	0	252,651
Health	1,200	0	318	1,518
Capital Outlay	0	55,748	0	55,748
Debt Service:				
Redemption of Principal	0	19,011	0	19,011
Interest and Other Fiscal Charges	0	2,896	0	2,896
Total Cash Disbursements	84,567	377,709	318	462,594
Total Cash Receipts Over/(Under) Cash Disbursements	34,245	10,159	109	44,513
Other Financing Sources/(Uses)				
Other Financing Sources	0	913	0	913
Other Financing Uses	0	(1,729)	0	(1,729)
Total Other Financing Sources/(Uses)	0	(816)	0	(816)
Total Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	34,245	9,343	109	43,697
Fund Cash Balances, January 1, 2007	22,881	275,341	10,510	308,732
Fund Cash Balances, December 31, 2007	<u>\$57,126</u>	<u>\$284,684</u>	<u>\$10,619</u>	<u>\$352,429</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

Weller Township
Richland County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2006

	General	Special Revenue	Permanent	Total (Memorandum Only)
Cash Receipts				
Local Taxes	\$25,221	\$259,904	\$0	\$285,125
Charges for Services	141	14,476	0	14,617
Intergovernmental	35,089	124,093	0	159,182
Licenses, Permits and Fees	1,330	0	0	1,330
Earnings on Investments	9,907	956	435	11,298
Miscellaneous	104	230	0	334
Total Cash Receipts	<u>71,792</u>	<u>399,659</u>	<u>435</u>	<u>471,886</u>
Cash Disbursements				
Current:				
General Government	97,387	0	0	97,387
Public Safety	31	47,737	0	47,768
Public Works	0	287,436	0	287,436
Health	100	0	0	100
Capital Outlay	0	12,940	0	12,940
Debt Service:				
Redemption of Principal	0	18,133	0	18,133
Interest and Other Fiscal Charges	0	3,774	0	3,774
Total Cash Disbursements	<u>97,518</u>	<u>370,020</u>	<u>0</u>	<u>467,538</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(25,726)</u>	<u>29,639</u>	<u>435</u>	<u>4,348</u>
Other Financing Sources/(Uses)				
Other Financing Sources	0	26,990		26,990
Other Financing Uses	0	(27,131)	0	(27,131)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>(141)</u>	<u>0</u>	<u>(141)</u>
Total Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	<u>(25,726)</u>	<u>29,498</u>	<u>435</u>	<u>4,207</u>
Fund Cash Balances, January 1, 2006	<u>48,607</u>	<u>245,843</u>	<u>10,075</u>	<u>304,525</u>
Fund Cash Balances, December 31, 2006	<u>\$22,881</u>	<u>\$275,341</u>	<u>\$10,510</u>	<u>\$308,732</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Weller Township, Richland County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board of Trustees. The Township provides general governmental services, road and bridge maintenance, fire protection and emergency medical services (EMS). Fire and EMS services are funded by respective \$3.0 mil operating levy and includes joint activities with Franklin Township.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively

Overnight repurchase agreements and certificates of deposits are valued at cost.

D. Fund Accounting

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

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

WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Road and Bridge Fund – This fund receives property tax, and intergovernmental revenue money for use in maintaining and repairing Township roads and bridges.

Permissive Sales Tax Fund – This fund receives permissive sales tax money for constructing, maintaining and repairing Township roads.

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

Special Levy – This fund receives property tax and intergovernmental revenue money for use in paying for fire and EMS protection for the Township.

Permanent Fund – This fund accounts for assets held under a trust agreement that is legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following Permanent Fund:

Wolford Trust Fund – This fund is used to record interest income earned on donated monies. Interest may only be used to pay for maintenance and repairs at the Township's cemetery.

E. Budgetary Process

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

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, program, object level of control, the legal 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. Unencumbered appropriations lapse at year end.

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.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as a liability under the cash basis of accounting used by the Township.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$33,305	\$25,965
Certificate of Deposit	10,000	10,000
Total Deposits	<u>43,305</u>	<u>35,965</u>
Overnight Repurchase Agreements	309,124	272,767
Total Deposits and Investments	<u><u>\$352,429</u></u>	<u><u>\$308,732</u></u>

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

WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 was as follows:

2007 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$71,159	\$118,812	\$47,653
Special Revenue	389,232	388,781	(451)
Permanent	500	427	(73)
Total	<u>\$460,891</u>	<u>\$508,020</u>	<u>\$47,129</u>

2007 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$124,055	\$84,567	\$39,488
Special Revenue	635,470	379,438	256,032
Permanent	11,010	318	10,692
Total	<u>\$770,535</u>	<u>\$464,323</u>	<u>\$306,212</u>

2006 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$70,010	\$71,792	\$1,782
Special Revenue	387,487	426,649	39,162
Permanent	100	435	335
Total	<u>\$457,597</u>	<u>\$498,876</u>	<u>\$41,279</u>

2006 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$138,302	\$97,518	\$40,784
Special Revenue	613,647	397,151	216,496
Permanent	10,176	0	10,176
Total	<u>\$762,125</u>	<u>\$494,669</u>	<u>\$267,456</u>

WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal property located within the Township.

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Township.

5. **RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OPERS members contributed 9.5% and 9.0% of their wages respectively. The Township contributed an amount equal to 13.85% and 13.7% of participants' gross salaries in 2007 and 2006 respectively. The Township has paid all contributions required through December 31, 2007.

6. **RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public official's liability

The Township also provides health insurance to its full-time employees through a private carrier.

WELLER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

7. **DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease Purchase	\$40,826	4.84%

The lease was originally issued in 2003 at \$131,441. Annual installments of \$21,907 including interest are due through 2009.

Amortization of the above debt, including interest payments of \$2,987 is scheduled as follows:

<u>Year Ending December 31,</u>	<u>Payments</u>
2008	\$21,907
2009	<u>21,906</u>
Total	<u><u>\$43,813</u></u>

8. **COMPLIANCE**

Contrary to Ohio Law the Certification of the Fiscal Officer was not properly executed for all purchases.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Weller Township
2115 State Route 96
Ashland, Ohio 44805

To the Township Trustees:

We have audited the financial statements of Weller Township, Richland County (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated March 19, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than the accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2007-01 through 2007-03 to be significant deficiencies in internal control over financial reporting.

**Weller Township
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements performed in
Accordance with *Government Auditing Standards*
Page 2**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 2007-01 through 2007-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany Schedule of Findings and Responses as items 2007-03 through 2007-05.

We noted certain matters that we reported to management of the Township in a separate letter dated March 19, 2009.

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

This report is intended solely for the information and use of management and Township Trustess, and is not intended to be and should not be used by anyone other than those specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

March 19, 2009

WELLER TOWNSHIP
 RICHLAND COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 YEARS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

Finding 2007-01 Significant Deficiency/Material Weakness

Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township made the following audit adjustments and reclassifications to the financial statements:

- Trustee salaries improperly recorded in the Gas Tax Fund have been moved to the General Fund:

2007	\$10,008
2006	\$19,684

- Motor Vehicle License Tax receipt was posted twice. \$912 has been removed from the fund in 2006.
- Motor Vehicle License Tax receipts of \$819 were improperly posted to the General Fund in 2007.

- Property tax receipts were improperly recorded in the General Fund rather than the Road and Bridge Fund and the Special Levy Fund:

	Road and Bridge Fund	Special Levy Fund
2007	\$244	\$333
2006	\$137	\$187

- Property tax receipts were improperly recorded in the Debt Service Fund rather than the Special Levy Fund in 2006 -\$21,907.
- Lease purchase payments that should have been paid out of the Special Levy Fund were paid out of the Debt Service Fund in 2007 - \$21,907.
- Homestead and Roll back receipts were recorded as Property Tax receipts rather than Intergovernmental receipts:

<u>Fund</u>	<u>2007</u>	<u>2006</u>
General Fund	\$1,363	\$1,305
Road and Bridge Fund	\$3,726	\$3,568
Special Levy Fund	\$3,999	\$3,829

WELLER TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

- Local Government receipts were recorded as Fees rather than Intergovernmental Receipts in 2006 -\$1,952.

- Equipment purchases were recorded as Public Safety rather than Capital Outlay in the Special Levy Fund:

2007	\$3,500
2006	\$12,213

- Lease purchase payments into the Special Levy Fund were recorded as Public Safety rather than Debt Service in 2006 - \$21,907

Officials Response:

The fiscal officer will take care to see that revenues and expenses are correctly recorded and in their respective funds and accounts.

Finding 2007-02 Significant Deficiency/Material Weakness

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. The purpose of a bank reconciliation is to account for the differences between the balance on the bank statement(s) and the cash and investment balances according to the Townships records. Reconciling items should consist primarily of outstanding checks, deposits in transit and bank charges.

The Township's bank reconciliations contain an "other adjustments" reconciling item(s) in order to balance between the bank balance and the accounting records maintained by the Township. This number appears to fluctuate from month to month and go unexplained beginning on the 6/30/2006 reconciliation. At December 31, 2007 and 2006 (prior to audit), there were unreconciled differences of \$1,792 and \$912, respectively.

Without complete and accurate bank reconciliations the Township's internal control is significantly weakened which could hinder the timely detection of errors or irregularities by the Township's management. In addition, Township management is not provided with timely fiscal information that is vital to the continued operation and decision making process of the Township.

The Township should be performing monthly reconciliations with all unreconciled differences being appropriately document and corrected in a timely manner. An audit adjustment was made to correct the \$912 difference for 2006. This increased the unreconciled difference in 2007 to \$2,704.

WELLER TOWNSHIP
 RICHLAND COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 YEARS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

Officials Response:

The fiscal officer will take care to be sure all bank reconciliations are properly completed with all outstanding differences noted and accounted for on a monthly basis.

Finding 2007-03 Significant Deficiency/Material Weakness/Noncompliance

Ohio Revised Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by the Ohio Attorney General (OAG) Opinion 2004-036. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township fund, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheet or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. The requirements of Ohio Revised Code Section 505.24(C) were noted in the management letter issued to Weller Township for the audit of the years ending December 31, 2004 and 2005.

A portion of the Trustees' salaries were paid from the Gasoline Tax Fund in 2007 and in 2006. However, the Trustees did not maintain records on how their time was spent. The following adjustments have been proposed and the amounts have been agreed to by the Township and have been posted to the ledgers and are reflected in the accompanying financial statements.

2006			
Fund	Function	Debit	Credit
General Fund	General Government	\$19,684	
Gasoline Tax Fund	Public Works		\$19,684
2007			
Fund	Function	Debit	Credit
General Fund	General Government	\$10,008	
Gasoline Tax Fund	Public Works		\$10,008

Per the above, Trustees must keep records of the time spent on various tasks and the fund to which the Township will charge their costs. (The sole exception to this is for trustees charging all salaries to the General Fund, as described above). There is no one method for documenting time

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and the kinds of services rendered. The trustees may use a diary, time sheets or any other method that will provide the information described above.

Officials Response:

The fiscal officer will take care to be sure that a policy of procedure as to how, from what funds and administrative procedures to record time spent on Township business the Trustees shall be paid.

Finding 2007-04 Noncompliance

Section 5705.38, Revised Code, requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

During our budgetary testing it was noted that the Township did not adopt a temporary appropriation measure until February 7 for 2006 and January 19 for 2007. Prior to these dates, expenditures were made without appropriations in violation of Section 5075.41(B), Revised Code.

Officials Response:

The fiscal officer will take care to be sure that the Township will adopt temporary appropriations on or before January 1, of each year and will not spend monies out of any funds prior to that temporary adoption of appropriations.

Finding 2007-05 Noncompliance

Section 5705.41(D), Revised Code, requires that no subdivision or taxing unit make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides exceptions to the above requirements:

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1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time the contract or order was made, and at the time the fiscal officer is completing the certification, that sufficient funds were available or in the process of collection to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the Trustees may authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the “Then and Now” Certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “Then and Now” Certificate, provided that the expenditure is otherwise lawful. This does not eliminate any other applicable requirement for approval of expenditures by the Township.

The Township did not properly certify the availability of funds prior to purchase commitment for 48% and 44% of the expenditures tested during 2006 and 2007, respectively. In addition, there was no evidence that the Township followed the aforementioned exceptions.

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 purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “Then and Now” certification should be used.

Officials Response:

The fiscal officer will take care to be sure to use the proper procedures as to what type purchase orders or blanket certificates should be used and that monies are available to be spent from their respective required funds.



Mary Taylor, CPA
Auditor of State

WELLER TOWNSHIP

RICHLAND 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
MAY 7, 2009