



**Auditor of State
Betty Montgomery**

**BUFFALO TOWNSHIP
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	17

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Buffalo Township
Noble County
51746 Old Infirmary Road
Pleasant City, Ohio 43772-9625

To the Board of Trustees:

We have audited the accompanying financial statements of Buffalo Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Buffalo Township, Noble County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Buffalo Township
Noble County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

May 23, 2003

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,216	\$6,770	\$16,986
Intergovernmental	8,333	60,775	69,108
Earnings on Investments	269	392	661
Other Revenue		6,700	6,700
	<u>18,818</u>	<u>74,637</u>	<u>93,455</u>
Total Cash Receipts	18,818	74,637	93,455
Cash Disbursements:			
Current:			
General Government	23,042		23,042
Public Safety		1,237	1,237
Public Works		89,355	89,355
Health	320		320
Capital Outlay	300		300
	<u>23,662</u>	<u>90,592</u>	<u>114,254</u>
Total Cash Disbursements	23,662	90,592	114,254
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,844)</u>	<u>(15,955)</u>	<u>(20,799)</u>
Other Financing Receipts/(Disbursements):			
Other Sources	1,570		1,570
	<u>1,570</u>	<u>0</u>	<u>1,570</u>
Total Other Financing Receipts/(Disbursements)	1,570	0	1,570
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,274)	(15,955)	(19,229)
Fund Cash Balances, January 1	<u>4,210</u>	<u>48,634</u>	<u>52,844</u>
Fund Cash Balances, December 31	<u>\$936</u>	<u>\$32,679</u>	<u>\$33,615</u>

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

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,750	\$6,712	\$17,462
Intergovernmental	9,935	60,624	70,559
Earnings on Investments	965	506	1,471
Other Revenue	105		105
	<hr/>		
Total Cash Receipts	21,755	67,842	89,597
<hr/>			
Cash Disbursements:			
Current:			
General Government	20,543		20,543
Public Safety		2,164	2,164
Public Works		72,342	72,342
Health	200		200
Capital Outlay	300		300
	<hr/>		
Total Cash Disbursements	21,043	74,506	95,549
	<hr/>		
Total Cash Receipts Over/(Under) Cash Disbursements	712	(6,664)	(5,952)
<hr/>			
Other Financing Receipts/(Disbursements):			
Transfers-In		12,312	12,312
Transfers-Out	(12,312)	0	(12,312)
Other Uses	(490)	0	(490)
	<hr/>		
Total Other Financing Receipts/(Disbursements)	(12,802)	12,312	(490)
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Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,090)	5,648	(6,442)
	<hr/>		
Restated Fund Cash Balances, January 1 (See note 3)	16,300	42,986	59,286
	<hr/>		
Fund Cash Balances, December 31	\$4,210	\$48,634	\$52,844
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The notes to the financial statements are an integral part of this statement.

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Buffalo Township, Noble County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with Buffalo Township Volunteer Fire Department to provide fire 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 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 received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads and bridges.

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

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 4.

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.

2. EQUITY IN POOLED CASH

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$9,986	\$29,639
Certificates of deposit	23,629	23,205
Total deposits	<u>\$33,615</u>	<u>\$52,844</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2000, an adjustment resulted in fund balance restatement.

<u>Governmental Funds:</u>	<u>Fund Balances at December 31, 2000</u>	<u>Restatement Amount</u>	<u>Fund Balances at January 1, 2001</u>
General	\$20,776	(\$4,476)	\$16,300
Special Revenue	38,510	4,476	\$42,986
Total	<u>\$59,286</u>	<u>\$0</u>	<u>\$59,286</u>

The changes in fund balances for the General and Special Revenue Funds are the result of a prior audit adjustment being posted to the General Fund instead of the Road and Bridge Fund, Special Revenue Fund type, due to the Road and Bridge Fund not having an available cash balance.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$20,230	\$20,388	\$158
Special Revenue	72,624	74,637	2,013
Total	<u>\$92,854</u>	<u>\$95,025</u>	<u>\$2,171</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$23,134	\$23,662	(\$528)
Special Revenue	112,444	90,592	21,852
Total	<u>\$135,578</u>	<u>\$114,254</u>	<u>\$21,324</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$17,196	\$21,755	\$4,559
Special Revenue	64,955	80,154	15,199
Total	<u>\$82,151</u>	<u>\$101,909</u>	<u>\$19,758</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$45,897	\$33,845	\$12,052
Special Revenue	93,919	74,506	19,413
Total	<u>\$139,816</u>	<u>\$108,351</u>	<u>\$31,465</u>

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP 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 which the General Reinsurance Corporation will reinsure.

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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000, if the annual aggregate is reached and all specific losses exceed \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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 government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	<u>9,379,003</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	<u>647,667</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Buffalo Township
Noble County
51746 Old Infirmary Road
Pleasant City, Ohio 43772-9625

To the Board of Trustees:

We have audited the accompanying financial statements of Buffalo Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 23, 2003. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 through 2002-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 23, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 to be 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 Buffalo Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-006.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of 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 to be material weaknesses. We consider item 2002-006 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 23, 2003.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by 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

May 23, 2003

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 505.24 requires that Trustees' salaries be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. The resolution should allocate the salaries based on the types of services provided by the Trustees.

During both 2001 and 2002, the salaries of the Trustees were charged entirely to the Gasoline Tax Fund. On August 24, 2001, the Board of Trustees adopted a retroactive resolution authorizing 3% of each Trustee's salary to be paid from the General Fund. This amounts to \$589 and \$602, during 2001 and 2002, respectively, of disbursements added to the General Fund and expenditures reduced in the Gasoline Tax Fund, a Special Revenue Fund type.

The Township has posted the amounts set forth in the retroactive resolution to their accounting records, and these adjustments are reflected in the accompanying financial statements.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 2001, the Clerk posted the May 2001 state and local highway distribution money, in the amount of \$2,839 to the General Fund instead of the Gasoline Tax Fund.

The Township has posted the amount that was incorrectly posted to their accounting records, and this adjustment is reflected in the accompanying financial statements.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires all revenue derived from a special levy to be credited to a special fund for the purpose for which the levy was made.

The Township posted 2001 homestead and rollback monies in the amount of \$1,005 to the Gasoline Tax Fund, instead of \$667 to the General Fund, \$196 to the Road and Bridge Fund and \$142 to the Fire District Fund.

The Township has posted the amounts that were incorrectly posted to their accounting records, and these adjustments are reflected in the accompanying financial statements.

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to the basic requirement are provided by statute:

- A. Then and Now Certificate –This exception provided that, if the fiscal officer can certify that both at the time the contract or order was made and at the time of completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 1993) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Eighty-two percent of the transactions tested for 2002 and 2001 did not include prior certification by the Clerk nor was there any evidence of a “Then and Now” certificate being used by the Clerk.

We recommend the Township obtain the Clerk’s prior certification for all disbursements. In addition we recommend the Township consider using purchase orders as a method to formally document the clerk’s prior certification.

FINDING NUMBER 2002-005

Noncompliance Citation

Ohio Rev. Code Sections 5735.27 and 4503.02 restrict the purposes for which the gasoline excise tax and motor vehicle license tax monies may be expended.

During 2001, the Township paid the zoning inspector a portion of his salary from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$203, Permissive Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$108 and the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$235. PERS for the Clerk, Zoning Inspector and Mower were paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,723. Federal withholdings for the Clerk were also paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$251.

**BUFFALO TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

**FINDING NUMBER 2002-005
(Continued)**

Noncompliance Citation – Ohio Rev. Code Sections 5735.27 and 4503.02 (Continued)

During 2002, the Township paid the zoning inspector a portion of his salary from the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$540. The Clerk's salary for March 2002 was paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$571. Office supplies were paid for from the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$106. The Township also paid for cemetery mowing from the Permissive Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$320. PERS for the Clerk, Zoning Inspector and Mower were paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,778.

We recommend the Clerk only pay allowable expenditures from restricted funds. If unsure, the Clerk should consult with the County Prosecutor concerning the allowability of payment from restricted funds. The Township has posted the amounts that were incorrectly posted to their accounting records, and these adjustments are reflected in the accompanying financial statements.

FINDING NUMBER 2002-006

Material Weakness

In certain instances, receipts and disbursements were posted to the incorrect funds and/or accounts concerning intergovernmental receipts, interest, property taxes and cash disbursements in general. As a result, numerous adjustments and reclassifications were necessary to properly report receipts and expenditures on the annual financial reports for 2001 and 2002. These reclassifications have been agreed to by management of the Township and are reflected in the financial statements. We have charged the Township an additional \$600 to correct these mispostings.

We recommend the Clerk utilize the Township chart of accounts as prescribed in the UAN Accounting Manual, Appendix A, revised April 2002 to assist in posting receipt and expenditure transactions to the proper accounts.

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**BUFFALO TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-41061-001	Ohio Rev. Code Section 5735.27(A)(5), Improper Use of Gas Tax Monies	No	Partially corrected. Prior finding was adjusted, but new Finding was issued for the current audit. See Finding 2002-005 in the Schedule of Findings.
2000-41061-002	Ohio Rev. Code Section 505.24, Trustees' Salaries not Paid from General Fund	No	Partially corrected. Prior finding was adjusted, but new Finding was issued for the current audit. See Finding 2002-001 in the Schedule of Findings.
2000-41061-003	Ohio Rev. Code Section 5705.10, Improper Posting of Revenues	No	Partially corrected. Prior finding was adjusted, but new Findings were issued for the current audit. See Findings 2002-002 and 2002-003 in the Schedule of Findings.
2000-41061-004	Ohio Rev. Code Section 5705.41(B), Expenditures exceeded Appropriations	No	Not Corrected. Repeated in letter to management.
2000-41061-005	Ohio Rev. Code Section 5705.41(D), Failure to Obtain Prior Certification	No	Not Corrected. Repeated as Finding 2002-004 in the Schedule of Findings.
2000-41061-006	Ohio Rev. Code Section 5705.10, Negative Fund Balances	Yes	Corrected.
2000-41061-007	Improper Classification of Expenditures and Receipts	No	Not Corrected. Repeated as Finding 2002-006 in the Schedule of Findings.



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

BUFFALO TOWNSHIP

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2003**