



Mary Taylor, CPA
Auditor of State

PULTNEY TOWNSHIP
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2007	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2006	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings	20

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Mary Taylor, CPA
Auditor of State

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 26, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the accompanying financial statements of Pultney Township, Belmont County, Ohio (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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 of Pultney Township, Belmont County, Ohio, 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 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 September 26, 2008, 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.



Mary Taylor, CPA
Auditor of State

September 26, 2008

PULTNEY TOWNSHIP
BELMONT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$8,098	\$235,643			\$243,741
Intergovernmental	88,137	178,873			267,010
Earnings on Investments	3,753	259		\$488	4,500
Miscellaneous	335	1,168			1,503
	<u>100,323</u>	<u>415,943</u>	<u>\$0</u>	<u>488</u>	<u>516,754</u>
Cash Disbursements:					
Current:					
General Government	115,023	137,420			252,443
Public Works		244,243			244,243
Health	17,445				17,445
Capital Outlay	39,558	100,380			139,938
Debt Service:					
Redemption of Principal			14		14
Total Cash Disbursements	<u>172,026</u>	<u>482,043</u>	<u>14</u>	<u>0</u>	<u>654,083</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(71,703)	(66,100)	(14)	488	(137,329)
Fund Cash Balances, January 1	<u>114,316</u>	<u>201,899</u>	<u>14</u>	<u>40,016</u>	<u>356,245</u>
Fund Cash Balances, December 31	<u>\$42,613</u>	<u>\$135,799</u>	<u>\$0</u>	<u>\$40,504</u>	<u>\$218,916</u>

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

PULTNEY TOWNSHIP
BELMONT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Disbursements:	
Other	<u>\$5,500</u>
Total Operating Cash Disbursements	<u>5,500</u>
Operating (Loss)	(5,500)
Fund Cash Balance, January 1	<u>5,500</u>
Fund Cash Balance, December 31	<u><u>\$0</u></u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$7,337	\$218,795			\$226,132
Intergovernmental	115,326	169,268			284,594
Earnings on Investments	12,962	176		\$336	13,474
Miscellaneous	64	1,144			1,208
Total Cash Receipts	<u>135,689</u>	<u>389,383</u>	<u>\$0</u>	<u>336</u>	<u>525,408</u>
Cash Disbursements:					
Current:					
General Government	102,619	134,688			237,307
Public Works		199,019			199,019
Health	15,949				15,949
Capital Outlay	18,839	195,036			213,875
Total Cash Disbursements	<u>137,407</u>	<u>528,743</u>	<u>0</u>	<u>0</u>	<u>666,150</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,718)	(139,360)	0	336	(140,742)
Fund Cash Balances, January 1	116,034	341,259	14	39,680	496,987
Fund Cash Balances, December 31	<u><u>\$114,316</u></u>	<u><u>\$201,899</u></u>	<u><u>\$14</u></u>	<u><u>\$40,016</u></u>	<u><u>\$356,245</u></u>

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

PULTNEY TOWNSHIP
BELMONT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Fund Cash Balance, January 1	<u>\$5,500</u>
Fund Cash Balance, December 31	<u><u>\$5,500</u></u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Pultney Township, Belmont County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township has contracts with the Neffs, Rock Hill (2006 only) and Spirit of 76 Volunteer Fire Departments to provide fire and ambulance services.

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

B. Accounting Basis

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

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

C. 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.

Common stock is valued at fair value when donated.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge Fund - This fund receives property 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.

Fire Levy Fund - This fund receives property tax money to provide fire protection to Township residents.

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township's financial statements reflect the remaining balance of the General Bond (Note) Retirement Fund.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund - The Township receives interest used for the permanent care and decoration of graves of the cemeteries.

5. Fiduciary Funds (Agency Funds)

Fiduciary funds include private purpose trust funds and agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township had the following significant Fiduciary Fund:

Logging Bond Fund - This fund receives bonds from various logging companies which are held to insure appropriate repairs are made to Township roads when logging activities have ceased.

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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	<u>2006</u>	<u>2007</u>
Demand deposits	\$359,765	\$216,936
Common stock (at fair value at the time of donation)	1,980	1,980
Total deposits and investments	<u>\$361,745</u>	<u>\$218,916</u>

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

Investments: CSX stock is held in certificate form in the custody of the Township. The fair market value of the stock at December 31, 2007 and 2006, was \$34,832 and \$27,269, respectively.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006, follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,354	\$100,323	\$27,969
Special Revenue	347,873	415,943	68,070
Permanent	260	488	228
Total	\$420,487	\$516,754	\$96,267

2007 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$182,698	\$172,026	\$10,672
Special Revenue	545,446	482,043	63,403
Debt Service	14	14	0
Permanent	40,277	0	40,277
Fiduciary	5,500	5,500	0
Total	\$773,935	\$659,583	\$114,352

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,944	\$135,689	\$62,745
Special Revenue	358,750	389,383	30,633
Permanent	260	336	76
Total	\$431,954	\$525,408	\$93,454

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,977	\$137,407	\$51,570
Special Revenue	679,777	528,743	151,034
Debt Service	14	0	14
Permanent	39,940	0	39,940
Fiduciary	5,500	0	5,500
Total	\$914,208	\$666,150	\$248,058

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in several funds at the legal level of control for the years ended December 31, 2007 and 2006.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Property Tax

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

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

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

5. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

7. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Mary Taylor, CPA

Auditor of State

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

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the financial statements of Pultney Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 26, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 26, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 26, 2008.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 26, 2008

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made "then" and at the time that the fiscal officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Township upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. No more than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 84% and 90% of transactions tested in 2007 and 2006, respectively. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2007-001
(Continued)**

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

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certifications should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

As of December 31, 2007, the following funds / appropriation classifications reflected expenditures which exceeded appropriations:

<u>Fund / Appropriation Classification</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Fire Levy / Other Expenses	\$103,000	\$120,097	\$(17,097)
Ambulance and Emergency Medical Service Levy / Other Expenses	15,018	17,324	(2,306)
Federal Emergency Management Agency (FEMA) 2904 / Capital Outlay	22,698	38,070	(15,372)

As of December 31, 2006, the following funds / appropriation classifications reflected expenditures which exceeded appropriations:

<u>Fund / Appropriation Classification</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Fire Levy / Other Expenses	\$109,000	\$117,880	\$(8,880)
Ambulance and Emergency Medical Service Levy / Other Expenses	15,618	16,809	(1,191)
FEMA 2903 / Capital Outlay	0	15,750	(15,750)

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

**FINDING NUMBER 2007-002
(Continued)**

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

We recommend the Board of Trustees and the Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Board of Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2007-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 149.351(A) states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under Section 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully."

During 2007 and 2006, the Township utilized a credit card to purchase gasoline, miscellaneous repair parts and other items. Monthly credit card statements were not accompanied by invoices that supported each purchase made with the Township's credit card in the amount of \$9,131 for 2007 and \$8,293 for 2006.

Inquiry of the Fiscal Officer revealed that invoices were provided by Township employees for each purchase; however, after review by the Fiscal Officer and Board of Trustees and concurrence that all purchases were for a proper public purpose, the invoices were shredded.

The failure to maintain support for expenditures could result in a loss of accountability over the Township's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. We recommend the Township maintain supporting documentation, including check copies or electronic images, detailed invoices and any other relevant supporting documentation for all expenditures. Failure to maintain such documentation for items purchased may compromise the Township's ability to ensure expenditures are authorized and allowable, and may result in findings for recovery in future periods.

Officials Response: We did not receive a response from Officials to the findings reported above.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.41(D)(1) states no orders or contracts are to be made unless there is attached a certificate of the fiscal officer that the amount required to meet the obligation has been appropriated.	No	Not corrected; Repeated as Finding No. 2007-001.
2005-002	Ohio Rev. Code Section 5705.39 – Appropriations exceeding estimated revenue in several funds.	No	Partially corrected; Repeated in the management letter.
2005-003	Lack of supporting documentation for FEMA expenditures.	No	Partially corrected; Repeated in the management letter.



Mary Taylor, CPA
Auditor of State

PULTNEY TOWNSHIP

BELMONT 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
OCTOBER 16, 2008**