

GILEAD TOWNSHIP
MORROW COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2008 and 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Gilead Township
507 Dogwood Lane
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Accountant's Report* of Gilead Township, Morrow County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2007 through December 31, 2008. 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 Accountant'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 Accountant'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. Gilead 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

November 30, 2009

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Gilead Township
Morrow County, Ohio

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INDEPENDENT ACCOUNTANT'S REPORT

Gilead Township
Morrow County, Ohio
507 Dogwood Lane
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Gilead Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007. 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 audits.

We conducted our audits 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 audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 requires 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 require 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, 2008 and 2007, 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, 2008 and 2007, 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 Gilead Township, Morrow County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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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 22, 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 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 audits.

A handwritten signature in cursive script that reads "Van Krevel & Company".

Van Krevel & Company
Dublin, Ohio

September 22, 2009

Gilead Township
Morrow 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, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Memorandum Only</u>
Cash Receipts:					
Property and Other Local Taxes	47,516	272,384	-	-	319,900
Charges for Services	-	-	-	-	-
Licenses, Permits and Fees	500	-	-	-	500
Intergovernmental	97,782	133,656	-	33,858	265,296
Special Assessments	-	-	-	-	-
Earnings on Investments	1,766	956	-	-	2,722
Miscellaneous	526	-	-	-	526
Total Cash Receipts	148,090	406,996	-	33,858	588,944
Cash Disbursements:					
Current:					
General Government	123,665	-	-	-	123,665
Public Safety	1,520	133,092	-	-	134,612
Public Works	-	176,531	-	-	176,531
Health	5,144	49,617	-	-	54,761
Capital Outlay	1,608	-	-	33,858	35,466
Debt Service:					
Redemption of Principal	-	-	14,983	-	14,983
Interest and Other Fiscal Charges	-	-	2,341	-	2,341
Total Cash Disbursements	131,937	359,240	17,324	33,858	542,359
Total Receipts Over (Under) Disbursements	16,153	47,756	(17,324)	-	46,585
Other Financing Receipts (Disbursements):					
Sale of Fixed Assets	2,375	-	-	-	2,375
Other Financing Sources	-	-	17,324	-	17,324
Total Other Financial Receipts (Disbursements)	2,375	-	17,324	-	19,699
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	18,528	47,756	-	-	66,284
Fund Cash Balances, January 1	38,695	106,635	-	-	145,330
Fund Cash Balances, December 31	<u>\$ 57,223</u>	<u>\$ 154,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,614</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79</u>

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

Gilead Township
Morrow 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

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	Memorandum Only
Cash Receipts:					
Property and Other Local Taxes	45,277	281,589	-	-	326,866
Charges for Services	-	-	-	-	-
Licenses, Permits and Fees	800	-	-	-	800
Intergovernmental	54,216	121,168	-	55,982	231,366
Earnings on Investments	809	481	-	-	1,290
Miscellaneous	514	8,000	-	-	8,514
Total Cash Receipts	101,616	411,238	-	55,982	568,836
Cash Disbursements:					
Current:					
General Government	107,072	-	-	-	107,072
Public Safety	-	134,397	-	-	134,397
Public Works	-	212,360	-	-	212,360
Health	1,727	48,766	-	-	50,493
Capital Outlay	40	-	-	55,982	56,022
Debt Service:					
Redemption of Principal	-	-	14,253	-	14,253
Interest and Other Fiscal Charges	-	-	3,070	-	3,070
Total Cash Disbursements	108,839	395,523	17,323	55,982	577,667
Total Receipts Over (Under) Disbursements	(7,223)	15,715	(17,323)	-	(8,831)
Other Financing Receipts (Disbursements):					
Other Financing Sources	-	-	17,323	-	17,323
Total Other Financial Receipts (Disbursements)	-	-	17,323	-	17,323
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(7,223)	15,715	-	-	8,492
Fund Cash Balances, January 1	45,918	90,920	-	-	136,838
Fund Cash Balances, December 31	<u>\$ 38,695</u>	<u>\$ 106,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,330</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Gilead Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 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 Gilead Township, Morrow County, (the Township) as a body corporate and politic. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B Basis of Accounting

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

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

C Cash and Investments

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

The Township values certificates of deposit at cost.

D Fund Accounting

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

1 General Fund

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

Gilead Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads and bridges.

Cemetery Fund – This fund receives property tax monies to be used by the Rivercliff Union Cemetery for maintenance purposes.

Fire District Fund – This fund receives special levy monies collected by the County for the purpose of providing fire protection and emergency medical services for the Township residents.

Road District Fund – This fund receives special levy monies for the purpose of constructing, maintaining and repairing Township roads and bridges.

3 Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund.

Issue II Fund - This fund accounts for Issue II grant monies received and expended on behalf of the Township by the Ohio Public Works Commission to repair and maintain roads within the Township.

4 Debt Service Fund

This fund is used to account for resources the Township accumulates to pay bond and note debt to First Knox Bank of Mt. Vernon for the purpose of constructing a garage/office complex at Rivercliff Union Cemetery.

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. Unencumbered appropriations lapse at year end.

Gilead Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

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

3 Encumbrances

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

A summary of the 2008 and 2007 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.

NOTE 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>2008</u>	<u>2007</u>
Demand Deposits	<u>\$211,614</u>	<u>\$145,330</u>

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

Gilead Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008, follows:

2008 Budgeted vs. Actual Receipts				
Fund Type		Budgeted Receipts	Actual Receipts	Variance
General		\$ 150,465	\$ 150,465	\$ -
Special Revenue		406,996	406,996	-
Debt Service		17,324	17,324	-
Capital Projects		33,858	33,858	-
	Totals	\$ 608,643	\$ 608,643	\$ -

2008 Budgeted vs. Actual Expenditures				
Fund Type		Appropriation Authority	Budgetary Expenditures	Variance
General		\$ 161,802	\$ 131,937	\$ 29,865
Special Revenue		515,859	359,319	156,540
Debt Service		17,324	17,324	-
Capital Projects		33,858	33,858	-
	Totals	\$ 728,843	\$ 542,438	\$ 186,405

Budgetary activity for the year ending December 31, 2007, follows:

2007 Budgeted vs. Actual Receipts				
Fund Type		Budgeted Receipts	Actual Receipts	Variance
General		\$ 119,898	\$ 101,616	\$ (18,282)
Special Revenue		414,957	411,238	(3,719)
Debt Service		-	17,323	17,323
Capital Projects		55,982	55,982	-
	Totals	\$ 590,837	\$ 586,159	\$ (4,678)

Gilead Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 BUDGETARY ACTIVITY (continued)

2007 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 166,135	\$ 108,839	\$ 57,296
Special Revenue	505,558	395,523	110,035
Debt Service	-	17,323	(17,323)
Capital Projects	55,982	55,982	-
Totals	\$ 727,675	\$ 577,667	\$ 150,008

NOTE 4 PROPERTY TAXES

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.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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.

NOTE 5 NOTE RECEIVABLE

The following note receivable was outstanding at December 31, 2008:

	<u>Principal</u>	<u>Interest Rate</u>
Note Receivable – Rivercliff Union Cemetery	<u>\$32,191</u>	5.00%

During 2005, the Township issued and sold bonds to the First Knox National Bank of Mt. Vernon in the principal sum of \$75,000, bearing interest at a rate of 5% per annum, for the purpose of constructing a garage/office complex for the use of the Rivercliff Union Cemetery. Because the Cemetery is not a body politic, the Township issued the bonds on behalf of the Cemetery (see Note 6). The proceeds from these bonds were disbursed to the Cemetery in 2005.

Gilead Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 5 NOTE RECEIVABLE (continued)

In 2006, the Cemetery began repaying their obligation to the Township. Amounts received from the Cemetery, including principal and interest, are reported in the debt service fund as other financing sources.

Future proceeds, including interest, are scheduled as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2009	\$17,323
December 31, 2010	<u>17,323</u>
Total	<u>\$34,646</u>

NOTE 6 DEBT

Debt outstanding at December 31, 2008, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bond-Cemetery Building Bonds 2005 Issue (Original Amount-\$75,000)	\$32,191	5.00%

During 2005, the Township issued and sold bonds to the First Knox National Bank of Mt. Vernon in the principal sum of \$75,000, bearing an interest rate of 5% per annum, for the purpose of constructing a garage/office complex for the use of Rivercliff Union Cemetery. The Township issued the bonds on behalf of the Cemetery because the Cemetery is not a body politic. Debt repayments are being made by the Cemetery from proceeds of a special levy that are received directly by the Township and disbursed to the Cemetery. If future payments are not met, the Township is obligated to pay the debt. The debt repayments are recorded in the financial statements of the Township as redemption of principal and interest.

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

<u>Year Ending</u>	<u>General Obligation Bonds- Cemetery Building Bonds</u>
Year Ending December 31, 2009	\$17,323
Year Ending December 31, 2011	<u>17,323</u>
	<u>\$34,646</u>

The Township anticipates that the Cemetery will make all required payments.

Gilead Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 7 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 2008 and 2007, OPERS members contributed 10.0% and 9.5%, respectively, of their gross salaries. The Township contributed an amount equal to 14% and 13.85% of participants' gross salaries for 2008 and 2007, respectively. The Township has paid all contributions required through December 31, 2008.

NOTE 8 RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, except as modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions which the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses.

Individual Members are only responsible for their self-retention (deductible) amounts which vary from Member to Member.

Plan Members are responsible for notifying the Plan of their intent to renew coverage by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles and report the following assets, liability and Accumulated Surplus at December 31, 2008 and 2007:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Accumulated Surplus	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the completed audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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

Gilead Township
Morrow County, Ohio
507 Dogwood Lane
Mt. Gilead, Ohio 43338

To the Board of Trustees:

We have audited the financial statements of Gilead Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 22, 2009, wherein we noted that 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 conducted our audits 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 audits, 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 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding number 2008-001 is also a material weakness.

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Gilead Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

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 audits and accordingly, we do not express an opinion. The results of our tests disclosed certain instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as items: 2008-002 and 2008-2003.

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

Van Krevel & Company

Van Krevel & Company
Dublin, Ohio

September 22, 2009

Gilead Township
Morrow County

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-001

Significant Deficiency/Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

During 2008 and 2007, Township receipts and disbursements were not always posted into accurate receipt and disbursement classifications, based upon the source.

In 2008, the Township posted:

Homestead and Rollback monies received from the State of Ohio totaling \$37,209 to "Property Taxes" instead of "Intergovernmental" within the General and the Special Revenue Funds.

Personal Property Tax monies received from the Morrow County Auditor totaling \$7,750 to "Intergovernmental" instead of "Property Taxes" within the General and Special Revenue Funds.

In 2007, the Township posted:

Personal Property Tax monies received from the Morrow County Auditor totaling \$6,153 to "Intergovernmental" instead of "Property Taxes" within the General and Special Revenue Funds

Note receivable proceeds in the amount of \$17,323 from Rivercliff Union Cemetery and debt repayments in the amount of \$17,323 on the bonds outstanding were not recorded.

Posting receipts and disbursements to improper classifications results in inaccurate financial information being presented to the Township Trustees. Reclassification entries have been made to the accompanying financial statements to accurately reflect the proper classification of receipts and disbursements.

The Ohio Township Handbook (revised April, 2009) provides suggested account classifications. These accounts classify receipts by fund and sources and classify disbursements by fund, program or object. Using these classifications will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

Official's Response – We did not receive a response from Officials regarding this finding.

Gilead Township
Morrow County

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

FINDING NUMBER 2006-002

Noncompliance

Ohio Revised Code Section 5705.40 requires that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary account, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

In 2007, the Township did not budget receipts from the Rivercliff Union Cemetery or disbursements to First Knox National Bank of Mount Vernon in the Debt Service Fund.

We recommend the Township review the budgetary procedures for amending budgeted receipts and appropriations, file all amendments with the County Auditor, and implement procedures to ensure appropriations and budgeted receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Board and Trustees and County Auditor.

Official's Response – We did not receive a response from Officials regarding this finding.

Gilead Township
Morrow County

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2008-003

Non-Compliance Citation

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2008, total appropriations exceed total estimated resources as follows:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Road and Bridge Fund	\$ 61,682	\$ 63,825	\$(2,143)
Cemetery Fund	49,618	51,698	(2,080)
Fire District Fund	133,092	135,736	(2,644)
Road District Fund	109,264	115,473	(6,209)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Fiscal Officer should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Township should request an amended certificate of estimated resources from the budget commission. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.

Officials' Response: We did not receive a response from Officials to this finding.

Gilead Township
Morrow County

Schedule of Prior Audit Findings
December 31, 2008 and 2007

<u>Finding</u>	<u>Description</u>	<u>Fully Corrected</u>
2006-001	Amending Estimated Receipts	Yes
2006-002	Amending Budgetary Information	Partially, Reissued as Finding 2008-002
2006-003	Appropriations Exceeding Resources	No, Reissued as Finding 2008-003
2006-004	Posting of Receipts/Expenditures	Partially, Reissued as Finding 2008-001



Mary Taylor, CPA
Auditor of State

GILEAD TOWNSHIP

MORROW COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 10, 2009**