



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP
ATHENS COUNTY

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Mary Taylor, CPA

Auditor of State

York Township
Athens County
649 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

September 22, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

York Township
Athens County
649 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Athens 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 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's financial transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 opinions.

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.

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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 of York Township, Athens 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.

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 audit.



Mary Taylor, CPA
Auditor of State

September 22, 2009

**YORK TOWNSHIP
ATHENS COUNTY**

**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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 41,440	\$ 310,620	\$ 352,060
Intergovernmental	16,914	127,655	144,569
Special Assessments	2,190		2,190
Licenses, Permits, and Fees		30,225	30,225
Earnings on Investments	3,013	2,403	5,416
Miscellaneous	950	51,026	51,976
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,507	521,929	586,436
Cash Disbursements:			
Current:			
General Government	81,834	38,024	119,858
Public Safety	2,289	19,617	21,906
Public Works		197,325	197,325
Health	11,240	235,146	246,386
Capital Outlay		33,343	33,343
Debt Service:			
Redemption of Principal		26,842	26,842
Interest and Fiscal Charges		955	955
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	95,363	551,252	646,615
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (30,856)	<hr/> (29,323)	<hr/> (60,179)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		25,000	25,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	25,000	25,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> (30,856)	<hr/> (4,323)	<hr/> (35,179)
Fund Cash Balances, January 1	<hr/> 66,861	<hr/> 281,822	<hr/> 348,683
Fund Cash Balances, December 31	<hr/> \$ 36,005	<hr/> \$ 277,499	<hr/> \$ 313,504

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

**YORK TOWNSHIP
ATHENS 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>	
Cash Receipts:			
Property and Other Local Taxes	\$ 36,307	\$ 279,898	\$ 316,205
Intergovernmental	18,394	237,753	256,147
Licenses, Permits, and Fees	2,873	25,575	28,448
Earnings on Investments	6,373	2,987	9,360
Miscellaneous	1,006	59,585	60,591
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,953	605,798	670,751
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	55,450	12,498	67,948
Public Safety	2,217	20,853	23,070
Public Works		240,041	240,041
Health		240,043	240,043
Capital Outlay		74,000	74,000
Debt Service:			
Redemption of Principal		43,437	43,437
Interest and Fiscal Charges		3,051	3,051
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	57,667	633,923	691,590
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	7,286	(28,125)	(20,839)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, as restated	59,575	309,947	369,522
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 66,861</u>	<u>\$ 281,822</u>	<u>\$ 348,683</u>

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

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 York Township, Athens 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 and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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 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

Certificates of deposit are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Fire District Fund - This fund receives property tax money to provide fire services in the Township.

Cemetery Fund - This fund receives property tax money for maintaining Township cemeteries.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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, function, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 2008 and 2007 budgetary activity appears in Note 4.

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. RESTATEMENT OF BEGINNING FUND BALANCES

The Township voided checks written prior to January 1, 2007 and corrected a 2006 posting error. In addition, the Township posted property tax receipts to funds not authorized by the County Auditor and subsequently retired debt from those proceeds. The above events resulted in the restatement of fund balances as follows:

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. RESTATEMENT OF BEGINNING FUND BALANCES (Continued)

Fund	12/31/2006		Restated 1/1/2007 Balance
	Fund Balance	Amount	
General	\$ 59,647	\$ (72)	\$ 59,575
Road and Bridge	50,640	6,742	57,382
Fire District	19,954	13,663	33,617
Debt Service	20,050	(20,050)	0

3. 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	\$ 281,944	\$ 317,123
Certificate of Deposit	31,560	31,560
Total deposits and investments	<u>\$ 313,504</u>	<u>\$ 348,683</u>

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ 61,915	\$ 64,507	\$ 2,592
Special Revenue	498,852	546,929	48,077
Total	<u>\$ 560,767</u>	<u>\$ 611,436</u>	<u>\$ 50,669</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 101,032	\$ 95,363	\$ 5,669
Special Revenue	639,351	551,252	88,099
Total	<u>\$ 740,383</u>	<u>\$ 646,615</u>	<u>\$ 93,768</u>

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,349	\$ 64,953	\$ (9,396)
Special Revenue	584,267	605,798	21,531
Total	\$ 658,616	\$ 670,751	\$ 12,135

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,613	\$ 57,667	\$ 15,946
Special Revenue	689,859	633,923	55,936
Total	\$ 763,472	\$ 691,590	\$ 71,882

5. PROPERTY TAX

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

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

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

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

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Promissory Note - Dump Truck	\$ 5,338	4.00%
Promissory Note - Fire Equipment	20,901	3.99%
	\$ 26,239	

The Dump Truck Promissory Note was for the purchase of a dump truck. The original note payable was for \$57,864. The full faith and credit of the Township has been pledged to repay the debt.

The Fire Equipment Promissory Note was for the purchase of rescue equipment for the Fire Department. The original note payable was for \$25,000. The full faith and credit of the Township has been pledged to repay the debt.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. DEBT (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year Ending December 31	Dump Truck Note		Fire Equipment Note	
	Principal	Interest	Principal	Interest
2009	\$ 5,338	\$	\$ 8,090	\$ 762
2010			8,420	432
2011			4,391	88
Total	<u>\$ 5,338</u>	<u>\$ 0</u>	<u>\$ 20,901</u>	<u>\$ 1,282</u>

7. RETIREMENT SYSTEM

The Township's elected 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 the plans' 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% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RISK MANAGEMENT (Continued)

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$9,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**YORK TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RISK MANAGEMENT (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Township Contributions to OTARMA	
<hr/>	
2006	\$13,006
2007	\$10,475
2008	\$10,029

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. 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*

York Township
Athens County
649 Walnut Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the financial statements of York Township, Athens 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 the Township followed accounting practices the Auditor of State prescribes 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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.

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We consider findings 2008-005 and 2008-006 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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. Of the significant deficiencies described above, we believe finding numbers 2008-005 and 2008-006 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 22, 2009.

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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-004.

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 22, 2009.

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

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



Mary Taylor, CPA
Auditor of State

September 22, 2009

**YORK TOWNSHIP
ATHENS 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

Finding for Recovery Repaid Under Audit

On November 1, 2007, the Township issued check number 4623 to York Paving for \$12,836.48 as payment for the Township's share of an Issue 2 paving project. On November 26, 2007, the Township issued check number 4657 to York Paving for \$12,836.48. There was no documentation attached to the payment voucher supporting the second payment.

We discussed the matter with the Township Fiscal Officer who, in turn, contacted York Paving to determine whether the second payment was for a separate project or an undetected duplicate payment. Neither the Township nor the vendor could produce substantiation for the second identical payment.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against York Paving for \$12,836.48, and in favor of the York Township Road and Bridge Fund for \$5,000, the Road District Fund for \$6,163.52 and the Permissive Motor Vehicle License Tax Fund for \$1,672.96.

On October 6, 2009, York Paving issued a check to York Township for \$12,836.48 as repayment.

Officials' Response: The officials will review the monthly payment register more carefully in the future to identify potential duplicate payments. Additionally, they will periodically request a vendor payment report to identify potential duplicate payments occurring in different months.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 9.38 requires public money to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt.

The Section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the amount exceed \$1,000 or a less amount cannot be safeguarded, the public official must then deposit the money on the next business day.

On August 20, 2001, the Board of Trustees adopted a policy which allows monies to held up to three business days prior to deposit.

On average, the Cemetery Sexton held receipts ranging from \$800 to \$2,000 relating to lot sales and opening/closing fees for approximately two weeks before depositing with the Fiscal Officer. On one occasion, receipts totaling \$5,800 were held for two weeks. On two occasions, receipts totaling \$4,475 and \$4,300 each were held for as long as a month before deposit.

Undeposited cash increases the Township's susceptibility to loss and theft.

YORK TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 9.38 (Continued)

We recommend the Township ensure that all public monies are deposited with the Fiscal Officer within the three business days allowed by Ohio Rev. Code and Board policy.

Officials' Response: The Cemetery Sexton will ensure all public monies are deposited to the Fiscal Officer within the allowed three business days in the future.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Rev. Code Section 9.24(E) states, in part, that before awarding a contract as described in division (G)(1) of this Section for goods, services, or construction, paid for in whole or in part with state funds, a political subdivision shall verify that the person to whom the political subdivision plans to award the contract has no unresolved finding for recovery issued against the person. A political subdivision shall verify that the person does not appear in the database maintained by the Auditor of State.

Ohio Rev. Code Section 5575.01 states competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$45,000. In each case, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. The contract shall be awarded to the lowest responsible bidder.

Ohio Revised Code Section 5549.21 states competitive bidding is required for the purchase of materials, machinery and tools to be used in constructing, maintaining and repairing roads and culverts, where the amount involved exceeds \$25,000.

We found the Township paid one vendor for road maintenance materials in excess of \$25,000 during the audit period and paid another vendor for a chip and seal project over \$45,000. There was no indication of compliance with competitive bidding procedures or verification of the entity's status on the Auditor of State's database.

Failure to properly bid for large dollar amounts could result in inefficient uses of Township resources.

We recommend the Township properly bid for materials purchases that exceed the \$25,000 limit as set by the Ohio Revised Code as well as follow proper bidding procedures for projects over \$45,000. In addition, we recommend the Township include a certified search of the Auditor of State's database with the contract bidding documents.

Officials' Response: The officials will take the necessary steps to ensure all contracts subject to the bidding requirements are advertised and awarded in accordance with the Revised Code Section and that the record of proceedings properly reflect all contract discussions.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity 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.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that 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 thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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

2. Blanket Certificate – Fiscal Officer 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.

3. Super Blanket Certificate – The Fiscal Officer 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. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2007, the invoice date preceded the purchase order/certification date for 46 percent of the transactions tested. In 2008, the invoice date preceded the purchase order/certification date for 38 percent of the transactions tested. Failure to properly certify the availability of funds eliminates a crucial internal control procedure designed to prevent overspending funds and negative cash fund balances.

YORK TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-004 (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 that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which 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 at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: The officials will take the necessary steps to ensure compliance regarding properly encumbering obligations in the future.

FINDING NUMBER 2008-005

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

2008:

- The Fiscal Officer allocated Property Tax Receipts contrary to the allocation on the Statements of Semi-Annual Apportionment Sheets provided by the County Auditor. This resulted in adjustments to increase the Road and Bridge Fund and Fire Levy Fund balances by \$12,775 and \$16,242, respectively, and to decrease the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by \$12,775 and \$16,242, respectively.
- We adjusted the debt retirement activity to report in the Road and Bridge Fund and Fire Levy Fund per the adjustment above. This resulted in decreases the Road and Bridge Fund and Fire Levy Fund balances by \$12,775 and \$15,021, respectively, and to increase the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by \$12,775 and \$15,021, respectively.
- We adjusted any remaining balance out of the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by reducing the 2008 beginning fund balances by \$6,388 and \$3,216, respectively. The prior two adjustments along with this adjustment removes all activity and balances from both Note Retirement Funds.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-005 (Continued)

Material Weakness (Continued)

- The Fiscal Officer improperly posted proceeds of notes totaling \$25,000 as Miscellaneous Receipts. An adjustment was made to classify these proceeds under 'Other Financing Sources – Sale of Notes'.
- The Fiscal Officer did not accurately allocate debt payments between principal and interest resulting in an increase of \$812 in Road and Bridge Fund principal payments and a \$812 decrease in the interest payment.
- The Fiscal Officer improperly classified Homestead and Rollback receipts as Taxes rather than Intergovernmental Receipts in the General Fund (\$15,319), the Road and Bridge Fund (\$2,326), the Fire Levy Fund (\$1,983), the Road Maintenance Fund (\$1,656) and the Cemetery Fund (\$9,354).

2007:

- The Fiscal Officer allocated Property Tax Receipts contrary to the allocation on the Statements of Semi-Annual Apportionment Sheets provided by the County Auditor. This resulted in adjustments to increase the Road and Bridge Fund and Fire Levy Fund balances by \$12,775 and \$23,267, respectively, and to decrease the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by \$12,775 and \$23,267, respectively.
- We adjusted the debt retirement activity to report in the Road and Bridge Fund and Fire Levy Fund per the adjustment above. This resulted in decreases the Road and Bridge Fund and Fire Levy Fund balances by \$12,775 and \$33,714, respectively, and to increase the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by \$12,775 and \$33,714, respectively.
- We adjusted any remaining balance out of the Note Retirement Fund – Dump Truck and the Note Retirement Fund – Fire Equipment by reducing the 2007 beginning fund balances by \$6,388 and \$13,664, respectively. The prior two adjustments along with this adjustment removes all activity and balances from both Note Retirement Funds.
- The Fiscal Officer improperly posted interest receipts for the Cemetery Bequest certificate of deposit to the General Fund rather than the Cemetery Bequest Fund. An adjustment was made to reduce the General Fund Earnings on Investments by \$1,395 and increase the Cemetery Bequest Fund interest receipts by the same.
- The Fiscal Officer did not post the on-behalf payment made by OPWC of \$34,553 relating to an Issue 2 paving project. An adjustment was made to increase Intergovernmental Receipts and increase Public Works expenditures in the Road and Bridge Fund (\$13,459), the Road District Fund (\$16,591) and the Permissive Motor Vehicle Fund by (\$4,503).
- Interest relating to the Money Market account was not posted in periods prior to January 1, 2007 resulting in a difference of \$591 between the accounting system balance and the reconciled bank balance. A January 1, 2007 fund balance adjustment was made to allocate unposted interest to the General Fund (\$480), the Motor Vehicle License Tax Fund (\$11), the Gasoline Tax Fund (\$77) and the Cemetery Bequest Fund (\$23).

The audited financial statements reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-005 (Continued)

Material Weakness (Continued)

Officials' Response: The Fiscal Officer will review and refer to the Ohio Township Manual in the future to ensure proper posting.

FINDING NUMBER 2008-006

Material Weakness

All local public offices should integrate the budgetary accounts, 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.

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
General	\$ 61,915	\$ 79,674	\$ 17,759
Gasoline	84,423	75,900	(8,523)
Cemetery	221,000	214,500	(6,500)
Fire District	51,220	27,135	(24,085)
PMVL	6,500	48,890	42,390
Maiden Gravel Pit	45,000	42,900	(2,100)
Cemetery Bequest	(205)	1,215	1,420
Fund:	Appropriations		Variance
	Per the Appropriation Measure	Per the Accounting System	
General	\$ 101,032	\$ 112,272	\$ 11,240
Gasoline	114,270	119,270	5,000
Fire District	64,736	78,096	13,360
Maiden Gravel Pit	50,000	60,000	10,000
Cemetery Bequest	2,000	4,000	2,000

At December 31, 2007, expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-006 (Continued)

Material Weakness (Continued)

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
Fire District	\$ 111,021	\$ 103,021	\$ (8,000)
Maiden Gravel Pit	34,000	19,000	(15,000)

Fund	Appropriations		Variance
	Per the Appropriation Measure	Per the Accounting System	
Road District	\$ 52,446	\$ 68,446	\$ 16,000
Maiden Gravel Pit	28,000	36,890	8,890

The Trustees lost some degree of budgetary control because they were unable to monitor actual results of operations against the amounts adopted at the beginning of the years. In addition, this resulted in adjustments made to Note 4 of the notes to the financial statements.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the years.

Officials' Response: The Fiscal Officer will take the necessary steps to ensure the Trustees approve all budgetary amendments and the pertinent information is reflected in the record of proceedings.

**YORK TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	A material noncompliance citation was issued under Ohio Revised Code Section 5705.41(D)(1) for expenditures not properly certified by the Fiscal Officer at the time of commitment in 2006 and 2005.	No	Not Corrected: This item is repeated in the current audit Schedule of Findings as finding number 2008-004.



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP

ATHENS 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
NOVEMBER 5, 2009**