

**LEESBURG TOWNSHIP
UNION COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Leesburg Township
12244 Hopewell Road
Marysville, Ohio 43040

We have reviewed the *Independent Auditors' Report* of Leesburg Township, Union County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. 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 Auditors' 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 Auditors' 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. Leesburg Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 10, 2011

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**Leesburg Township
Union County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

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Independent Auditors' Report

Leesburg Township
Union County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Leesburg Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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. We believe that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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, 2010 and 2009 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, 2010 and 2009, or their 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 Leesburg Township, Union County, Ohio as of December 31, 2010 and 2009, 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 July 14, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

July 14, 2011

**Leesburg Township
Union 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, 2010**

	<u>Governmental Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 13,082	75,200	88,282
Licenses, permits and fees	1,893	1,025	2,918
Intergovernmental	25,287	102,197	127,484
Earnings on investments	1,231	1,816	3,047
Miscellaneous	<u>-</u>	<u>4,795</u>	<u>4,795</u>
Total cash receipts	41,493	185,033	226,526
Cash disbursements:			
Current:			
General government	44,312	-	44,312
Public safety	3,249	34,730	37,979
Public works	-	91,231	91,231
Health	8,440	4,356	12,796
Capital outlay	-	51,359	51,359
Debt service:			
Redemption of principal	-	25,000	25,000
Interest and other fiscal charges	<u>-</u>	<u>8,896</u>	<u>8,896</u>
Total cash disbursements	<u>56,001</u>	<u>215,572</u>	<u>271,573</u>
Total receipts (under) disbursements	(14,508)	(30,539)	(45,047)
Fund cash balances, January 1	<u>28,669</u>	<u>269,483</u>	<u>298,152</u>
Fund cash balances, December 31	\$ <u>14,161</u>	<u>238,944</u>	<u>253,105</u>
Reserves for encumbrances	\$ <u>937</u>	<u>20,553</u>	<u>21,490</u>

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

**Leesburg Township
Union 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, 2009**

	<u>Governmental Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 12,749	75,522	88,271
Licenses, permits and fees	2,506	1,825	4,331
Intergovernmental	28,102	101,147	129,249
Earnings on investments	3,144	7,628	10,772
Miscellaneous	<u>775</u>	<u>2,172</u>	<u>2,947</u>
Total cash receipts	47,276	188,294	235,570
Cash disbursements:			
Current:			
General government	60,977	-	60,977
Public safety	2,511	34,344	36,855
Public works	-	18,761	18,761
Health	7,476	1,258	8,734
Conservation/recreation	1,000	-	1,000
Capital outlay	400	15,390	15,790
Debt service:			
Redemption of principal	1,294	34,000	35,294
Interest and other fiscal charges	<u>-</u>	<u>10,514</u>	<u>10,514</u>
Total cash disbursements	<u>73,658</u>	<u>114,267</u>	<u>187,925</u>
Total receipts over (under) disbursements	(26,382)	74,027	47,645
Fund cash balances, January 1	<u>55,051</u>	<u>195,456</u>	<u>250,507</u>
Fund cash balances, December 31	\$ <u>28,669</u>	<u>269,483</u>	<u>298,152</u>
Reserves for encumbrances	\$ <u>-</u>	<u>753</u>	<u>753</u>

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

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

Description of the Entity

Leesburg Township, Union County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and zoning operations, cemetery maintenance, and fire protection. The Township contracts with the City of Marysville for emergency medical services (EMS).

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Cash

Cash included an interest bearing demand deposit account.

Fund Accounting

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

General Fund

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

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Special Levy Fund (Fire) – This fund receives fire levy tax money for the funding of fire and EMS services provided to the residents of the Township.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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.

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.

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Property, Plant and Equipment

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

(2) Equity in Pooled Cash

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 253,105	298,152

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The demand deposits are maintained as part of sweep investment accounts that earned interest of 0.50% in December 2010.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 53,351	41,493	(11,858)
Special Revenue	<u>220,963</u>	<u>185,033</u>	<u>(35,930)</u>
Total	\$ <u>274,314</u>	<u>226,526</u>	<u>(47,788)</u>

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 75,912	56,938	18,974
Special Revenue	<u>424,253</u>	<u>236,125</u>	<u>188,128</u>
Total	\$ <u>500,165</u>	<u>293,063</u>	<u>207,102</u>

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 67,389	47,276	(20,113)
Special Revenue	<u>189,535</u>	<u>188,294</u>	<u>(1,241)</u>
Total	\$ <u>256,924</u>	<u>235,570</u>	<u>(21,354)</u>

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 91,260	73,658	17,602
Special Revenue	<u>321,753</u>	<u>115,020</u>	<u>206,733</u>
Total	\$ <u>413,013</u>	<u>188,678</u>	<u>224,335</u>

(4) Property Tax

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

Tangible personal property 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) Debt

In 2006 the Township began drawing on a \$500,000 promissory note bearing interest at 5.30% to construct a township garage and fire station. After early principal payments the debt outstanding at December 31, 2009 was \$160,206. The debt agreement was modified on February 28, 2009 to adjust the interest rate to 4.75%. Interest payments are due semi-annually beginning September 30, 2010. The Township is not required to make principal payments until the entire unpaid principal is due March 31, 2014.

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(6) Retirement Systems

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

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(7) 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 Workers' Compensation.

Prior to 2009, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the ORC, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as OPRM, are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the OPHC, as authorized by Section 9.833 of the ORC. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded,

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(7) Risk Management, continued

group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify 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 Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	1,355,131	11,176,186	1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$ <u>7,191,485</u>	<u>300,035</u>	<u>6,323,701</u>	<u>105,185</u>

The complete audited financial statements for OPRM and OPHC are available at the Plan's website, www.ohioplan.org.

Contributions to the Plan

2008	\$ 8,188
2009	7,224
2010	7,085

(8) Commitments

The Township entered into a three year contract commencing January 1, 2010 with the City of Marysville for EMS services whereby the Township users are billed directly for the service through a third party billing agency.

**Leesburg Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(9) Subsequent Events

Subsequent events have been evaluated through July 14, 2011, which is the date the financial statements were available to be issued.

(10) Compliance

Contrary to Ohio law:

- The Township did not encumber \$21,490 and \$753 for contracts that extended beyond the end of the 2010 and 2009, respectively. ORC Section 5705.44 requires such encumbrances. The Township financial statements were adjusted to reflect the encumbrances.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- The Township did not obtain an amended Certificate of Estimated Resources in 2010 and 2009 to reflect shortfalls of anticipated revenue funds.
- Appropriations exceeded estimated resources by \$5,712 in the Fire Fund for 2010.
- Funds were not encumbered for all disbursements.

Wolf, Rogers, Dickey & Co.

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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Leesburg Township
Union County, Ohio

To the Board of Trustees:

We have audited the financial statements of Leesburg Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 14, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely

correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and timely corrected. We consider Findings 2010-01 and 2010-03 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered Finding 2010-04 to be a significant deficiency in internal control over financial reporting as described in the accompanying Schedule of Findings.

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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as Findings 2010-02 and 2010-05 through 2010-08.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated July 14, 2011.

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

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

July 14, 2011

**Leesburg Township
Union County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

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

Finding Number 2010-01
Material weakness

Ohio Revised Code (ORC) Section 5705.36 requires that on or about the first day of each fiscal year, the fiscal officer should certify to the county auditor the total amount from all sources available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Certificates of Estimated Resources that the Township prepared for 2010 and 2009 were based on inaccurate beginning cash balances by fund per the UAN. Fund balances in UAN did not agree to audited fund balances by fund as of December 31, 2008. The tables below reflect the actual audited cash balances (less encumbrances) by fund versus available cash balances by fund reported in the Certificate of Estimated Resources. The 2010 beginning audited balances also include adjustments made to 2009 transactions during the current audit.

<u>2009</u>	<u>Available Beginning Cash Balance</u>	<u>Certificate of Estimated Resources</u>	<u>Difference</u>
General Fund	55,051	35,032	20,019
Fire Levy Fund	17,310	33,108	(15,798)
Cemetery Fund	5,605	5,605	-
Motor Vehicle License Tax Fund	6,309	6,309	-
Gasoline Tax Fund	166,232	170,452	(4,220)

<u>2010</u>	<u>Available Beginning Cash Balance</u>	<u>Certificate of Estimated Resources</u>	<u>Difference</u>
General Fund	28,669	32,306	(3,637)
Fire Levy Fund	22,778	36,965	(14,187)
Cemetery Fund	6,060	6,060	-
Motor Vehicle License Tax Fund	6,756	6,756	-
Gasoline Tax Fund	233,889	216,063	17,826

The Union County Auditor requires timely filing of budgetary documents or Local Government funds may be withheld. In addition, the properly completed Certificate of Estimated Resources serves as the basis for the appropriation resolution.

**Leesburg Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-01, continued
Material weakness

Response by Township

The Township Fiscal Officer filed what she believed to be the correct fund balances at the time the filing was due. We understand there is a difference in the fund balance due to not having corrected what we now understand to be errors produced from the 2004-05 audit.

Finding Number 2010-02
Noncompliance

In 2009 and 2010, the Township charged Trustee salaries to the Gasoline Tax Fund. The Trustees maintained log books after being informed of the requirement during a previous audit. Although the data in the log books indicated that all Trustees performed road-related work for the Township, it did not support the 100% and 75% charged to the Gasoline Tax Fund for 2010 and 2009, respectively.

As a result of the data in the log books, \$3,061 of these expenditures were reclassified back to the General Fund in 2010, and \$17,828 in 2009.

Response by Township

The Township will be maintaining more accurate records of time the Trustees log and insure they are being charged to the proper accounts per task performed.

Finding Number 2010-03
Material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the codes.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In all applicable funds for both years, Tangible Personal Property (TPP) Replacement revenue receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amounts totaled \$3,748 and \$3,602 for 2010 and 2009, respectively.

**Leesburg Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-03, continued
Material weakness

- In all applicable funds for both years, the state rollback receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amounts totaled \$12,709 and \$12,699 for 2010 and 2009, respectively.
- In all applicable funds for both years, the repayments on the new facility loan were reclassified from Capital Outlay and Public Safety to Debt Service. The amounts totaled \$33,896 and \$45,808 for 2010 and 2009, respectively.
- In the Special Revenue Fund for both years, Capital Outlay expenditures were coded to Public Works. The amounts totaled \$3,900 and \$10,688 for 2010 and 2009, respectively.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit is completed are inaccurate.

Response by Township

Noted corrections will be made in future.

Finding Number 2010-04
Significant deficiency

In 2009, budgeted receipts entered into the UAN did not agree to the final Certificate of Estimated Resources (the Certificate) as follows:

- General Fund – Budgeted receipts in UAN were less than the certificate by \$515 in 2009.
- Special Revenue Funds – Budgeted receipts in UAN for the Fire Fund were less than the Certificate by \$3,087 in 2009.

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input.

Response by Township

Will work with the Union County Auditor's Office to insure this does not happen in the future.

**Leesburg Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-05
Noncompliance

ORC Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2009, appropriations exceeded available resources by \$347 in the Fire Fund. In 2010, appropriations exceeded available resources by \$36,147 in the Fire Fund and \$5,749 in the General Fund. These deficits were caused by actual receipts falling below budgeted receipts and/or inaccurate beginning unencumbered balances (See Finding 2010-02). We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate of Estimated Resources to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

We understand and will work with the Union County Auditor's Office to file amendment.

Finding Number 2010-06
Noncompliance

ORC Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year). In 2010, the Fire Fund appropriations exceeded estimated resources by \$5,712.

Failure to limit appropriations to the amount of available revenue could result in overspending and negative cash fund balances.

Response by Township

The error is due to the beginning balance being off and was not intentional.

**Leesburg Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-07
Noncompliance

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the fiscal officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as a fixed charge. The Township had one payment for \$753 extending beyond the 2009 year end that was not encumbered and four payments totaling \$21,490 extending beyond the 2010 year end that were not encumbered. These encumbrances are reflected in the audited financial statements.

Response by Township

Understand and will correct in future.

Finding Number 2010-08
Noncompliance

ORC Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. Funds were not encumbered prior to expenditure for five of the twenty-five disbursements tested and Then and Now Certificates were not prepared.

Response by Township

Will watch this in the future to ensure it doesn't happen again.

**Leesburg Township
Union County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	ORC 5705.41 - Fiscal Officer must encumber money prior to the expenditure taking place.	No	Repeat as Finding 2010-08.
2008-02	ORC 5705.44 Contracts extending beyond fiscal year end	No	Reissued as Finding 2010-07.
2008-03	Material reclassifications	No	Reissued as Finding 2010-03.

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Dave Yost • Auditor of State

LEESBURG TOWNSHIP

UNION 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 29, 2011