

PAINT TOWNSHIP

WAYNE COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2010 & 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Paint Township
PO Box 178
Mt. Eaton, Ohio 44659

We have reviewed the *Report of Independent Accountants* of Paint Township, Wayne County, prepared by Charles E. Harris & Associates, Inc., 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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. Paint 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

September 1, 2011

This Page is Intentionally Left Blank.

PAIN TOWNSHIP
WAYNE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 & 2009

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	4
Notes to the Financial Statements	5-11
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12-13
Schedule of Findings	14-15
Schedule of Prior Audit Findings	16

This Page is Intentionally Left Blank.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Paint Township
Wayne County
15987 East Main Street
Mt. Eaton, OH 44659

To the Board of Trustees:

We have audited the accompanying financial statements of Paint Township, Wayne County, Ohio (the Township) as and for the years ended December 31, 2010 and 2009, as listed in the table of contents. 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 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.

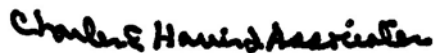
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, 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 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 Paint Township, Wayne County, 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 aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. 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 June 22, 2011, 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 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.



Charles E. Harris & Associates, Inc.
June 22, 2011

**PAINT TOWNSHIP
WAYNE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<u>Cash Receipts:</u>			
Local Taxes	\$ 33,365	\$ 404,147	\$ 437,512
Intergovernmental	53,314	128,203	181,517
Charges for Services	-	12,260	12,260
Earnings on Investments	326	26	352
Miscellaneous	3,621	61,190	64,811
Total Cash Receipts	90,626	605,826	696,452
<u>Cash Disbursements:</u>			
Current:			
General Government	118,450	28,621	147,071
Public Safety	-	114,870	114,870
Public Works	-	390,204	390,204
Health	7,699	-	7,699
Capital Outlay	-	51,647	51,647
Debt Service:			
Principal	-	26,736	26,736
Interest and Other Fiscal Charges	-	12,518	12,518
Total Cash Disbursements	126,149	624,596	750,745
Total Cash Receipts Over/(Under) Cash Disbursements	(35,523)	(18,770)	(54,293)
Fund Balance - January 1, 2009	82,067	248,135	330,202
Fund Balance - December 31, 2009	\$ 46,544	\$ 229,365	\$ 275,909

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

**PAINT TOWNSHIP
WAYNE COUNTY
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 Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Cash Receipts:</u>			
Local Taxes	\$ 31,300	\$ 404,153	\$ 435,453
Intergovernmental	32,786	138,043	170,829
Charges for Services	-	10,317	10,317
Earnings on Investments	314	22	336
Miscellaneous	<u>4,654</u>	<u>10,140</u>	<u>14,794</u>
Total Cash Receipts	69,054	562,675	631,729
<u>Cash Disbursements:</u>			
Current:			
General Government	73,997	-	73,997
Public Safety	-	101,175	101,175
Public Works	-	375,294	375,294
Health	8,778	-	8,778
Debt Service:			
Principal	-	17,919	17,919
Interest and Other Fiscal Charges	<u>-</u>	<u>8,384</u>	<u>8,384</u>
Total Cash Disbursements	<u>82,775</u>	<u>502,772</u>	<u>585,547</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(13,721)	59,903	46,182
Fund Balance - January 1, 2010	<u>46,544</u>	<u>229,365</u>	<u>275,909</u>
Fund Balance - December 31, 2010	<u>\$ 32,823</u>	<u>\$ 289,268</u>	<u>\$ 322,091</u>

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

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Paint Township, Wayne 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 general governmental services including road and bridge 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash

The Township maintains all cash in a money market checking account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

Fire District Fund - This fund receives property tax money from a special levy to operate a volunteer fire department.

Road District Levy Fund - This fund receives property tax money from a special levy to help maintain Township roads.

E. Budgetary Process

The Ohio Revised requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level, which is the Township's legal level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at the 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 with individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

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

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2010	2009
Demand deposits	\$ 322,091	\$ 275,909

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

3. BUDGETARY ACTIVITY

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

2010 Budgeted Vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,351	\$ 69,054	\$ (2,297)
Special Revenue	562,300	562,675	\$ 375
Total	\$ 633,651	\$ 631,729	\$ (1,922)

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

3. BUDGETARY ACTIVITY (CONTINUED)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriations	Budgetary Disbursements	Variance
General	\$ 88,700	\$ 82,775	\$ 5,925
Special Revenue	633,650	502,772	130,878
Total	\$ 722,350	\$ 585,547	\$ 136,803

2009 Budgeted Vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 93,292	\$ 90,626	\$ (2,666)
Special Revenue	544,306	605,826	61,520
Total	\$ 637,598	\$ 696,452	\$ 58,854

2009 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriations	Budgetary Disbursements	Variance
General	\$ 175,359	\$ 126,149	\$ 49,210
Special Revenue	782,712	624,596	158,116
Total	\$ 958,071	\$ 750,745	\$ 207,326

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Township. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Wayne County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Township was completed in 2010. The next update is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

4. PROPERTY TAXES (CONTINUED)

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Wayne County Treasurer collects property taxes on behalf of the Township. The Wayne County Auditor remits the collected taxes to the Township. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

5. DEFINED BENEFIT PENSION PLAN

The Township's full-time firemen belong to the Ohio Police & Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2010 and 2009, OP&F participants contributed 10.00% of their wages. The Township contributed an amount equal to 24.00% of firemen participant wages. For 2010 and 2009, OPERS members contributed 10.00% of their wages. The Township contributed an amount equal to 14.00% of participants' gross salaries. The Township has paid all contributions through December 31, 2010.

6. 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.

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

6. RISK MANAGEMENT (CONTINUED)

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). American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Service Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under the arrangement, OTARMA retains insurance risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payment on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	(12,880,766)	(12,981,818)
Retained earnings	\$ 26,101,322	\$ 27,755,922

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12 million and \$12.1 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2009 and 2008, 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 \$1,703.

PAINT TOWNSHIP
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

7. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First Merit Bank Loan	\$ 195,345	4.00%

In 2008, the Township entered into a \$240,000 loan agreement with First Merit Bank for building the Township Garage. The Township began making principal payments and interest payments in 2009.

The amortization of the above debt for the period of 2011 to 2015, including interest, is scheduled as follows:

<u>Debt Amortization Schedule</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 38,642	\$ 4,172	\$ 42,814
2012	36,861	5,953	42,814
2013	38,363	4,451	42,814
2014	39,926	2,888	42,814
2015	41,553	1,261	42,814
Total	\$ 195,345	\$ 18,725	\$ 214,070

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

9. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41 (D), the Township had numerous purchase order certifications after incurring the liabilities.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

Paint Township
Wayne County
15987 East Main Street
Mt. Eaton, OH 44659

To the Board of Trustees:

We have audited the financial statements of Paint Township, Wayne County Ohio (the Township) as of and for the years ended December 31, 2010 & 2009, and have issued our report thereon dated June 22, 2011, 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 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 Controls 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 opinions on the financial statements, but not for the purpose of opining 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.

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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

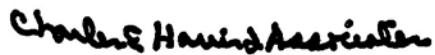
Compliance and Other Matters

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described as item 2010-PTWC-001.

The Township's response to the finding 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.

We also noted certain matters that we have reported to management of the Township in a separate letter dated June 22, 2011.

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



Charles E. Harris and Associates, Inc.

June 22, 2011

**PAINT TOWNSHIP
WAYNE COUNTY
SCHEDULE OF FINDINGS
December 31, 2010 & 2009**

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

FINDING NUMBER 2010-PTWC-001 – Non-compliance

Ohio Revised Code Section 5705.41 (D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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

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

Amounts of less that \$3,000 may be paid by the fiscal officer without a resolution 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 expenditure by the Township.

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

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable 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.

**PAINT TOWNSHIP
WAYNE COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2010 & 2009**

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

FINDING NUMBER 2010-PTWC-001 – Non-compliance (continued)

The Township did not make the proper certification of funds in all instances. Fifteen of 60 selections tested during the audit period had the certifications after the obligation date. We recommend that the Township institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate.

Management Response:

The Fiscal Officer indicated that she will attempt to certify funds prior to purchases or use “Then and Now” certificates.

**PAINT TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 & 2009**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	The Township did not properly certify expenditures prior to purchases	No	Not Corrected; Repeated as Finding 2010-PTWC-001
2008-002	The Township failed to record the proceeds and disbursements of a loan	Yes	Finding No Longer Valid



Dave Yost • Auditor of State

PAINT TOWNSHIP

WAYNE 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
SEPTEMBER 15, 2011