



Dave Yost • Auditor of State

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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Dave Yost • Auditor of State

Good Hope Township
Hocking County
26885 Darl Road
Rockbridge, Ohio 43149

To the Board of Trustees:

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

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

Dave Yost
Auditor of State

December 28, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Good Hope Township
Hocking County
26885 Darl Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of Good Hope Township, Hocking 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 Good Hope Township, Hocking 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 December 28, 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 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.



Dave Yost
Auditor of State

December 28, 2011

**GOOD HOPE TOWNSHIP
HOCKING 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>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 60,993	\$ 119,243	\$	\$ 180,236
Intergovernmental	71,612	130,343		201,955
Earnings on Investments	370	114		484
Miscellaneous	25			25
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	133,000	249,700	0	382,700
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	98,589			98,589
Public Safety	18,871	33,763		52,634
Public Works		217,245		217,245
Capital Outlay		39,208		39,208
Debt Service:				
Redemption of Principal		22,071		22,071
Interest and Other Fiscal Charges		3,950		3,950
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	117,460	316,237	0	433,697
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	15,540	(66,537)		(50,997)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts / (Disbursements):				
Sale of Notes		33,337		33,337
Other Financing Sources	36			36
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	36	33,337	0	33,373
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	15,576	(33,200)	0	(17,624)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	57,608	132,111	932	190,651
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 73,184	\$ 98,911	\$ 932	\$ 173,027
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The notes to the financial statements are an integral part of this statement.

**GOOD HOPE TOWNSHIP
HOCKING 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 46,867	\$ 117,528	\$	\$ 164,395
Intergovernmental	24,132	125,508		149,640
Earnings on Investments	374	176		550
Miscellaneous	1,399	7,929		9,328
	<u>72,772</u>	<u>251,141</u>		<u>323,913</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	80,346			80,346
Public Safety	11,248	46,978		58,226
Public Works		187,312		187,312
Capital Outlay		15,220		15,220
Debt Service:				
Redemption of Principal		19,541		19,541
Interest and Other Fiscal Charges		4,042		4,042
	<u>91,594</u>	<u>273,093</u>		<u>364,687</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(18,822)	(21,952)		(40,774)
Other Financing Receipts / (Disbursements):				
Sale of Notes		10,120		10,120
Sale of Fixed Assets		3,812		3,812
Other Financing Sources	915			915
	<u>915</u>	<u>13,932</u>		<u>14,847</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(17,907)	(8,020)		(25,927)
Fund Cash Balances, January 1 (as Restated - Note 2)	75,515	140,131	932	216,578
Fund Cash Balances, December 31	<u>\$ 57,608</u>	<u>\$ 132,111</u>	<u>\$ 932</u>	<u>\$ 190,651</u>

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 the Good Hope Township, Hocking 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, 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. Accounting Basis

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

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

C. Deposits

The Fiscal Officer of the Township invests all available funds of the Township in an interest bearing 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund — This fund received tax revenue for the repayment of a general obligation note for a Fire Truck and receives other revenue for the repayment of other general obligation notes. The Fire Truck was paid off; however, the fund carries a small balance.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 cancelled, and reappropriated in the following year. The Township did not encumber all commitments required by Ohio law.

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 Fund Balances

The Township recorded a fund balance adjustment due to a prior audit finding for adjustment in the 2008-2006 audit report that was not recorded to the Township's books until the current audit period.

<u>Governmental Funds:</u>	<u>Fund Balances at December 31, 2008</u>	<u>Restatement Amount</u>	<u>Fund Balances at January 1, 2009</u>
General	\$73,669	\$1,846	\$75,515
Special Revenue	137,112	3,019	140,131
Debt Service	863	69	932

3. Equity in Pooled Deposits

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

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$173,027</u>	<u>\$190,651</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

4. Budgetary Activity

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

<u>2010 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$89,346	\$133,036	\$43,690
Special Revenue	242,860	283,037	40,177
Total	<u>\$332,206</u>	<u>\$416,073</u>	<u>\$83,867</u>

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,380	\$117,460	\$18,920
Special Revenue	364,754	316,237	48,517
Total	\$501,134	\$433,697	\$67,437

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,510	\$73,687	(\$823)
Special Revenue	228,194	265,073	36,879
Total	\$302,704	\$338,760	\$36,056

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,625	\$91,594	\$34,031
Special Revenue	350,575	273,093	77,482
Debt Service	863	0	863
Total	\$477,063	\$364,687	\$112,376

5. Property Tax

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

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, 2010 was as follows:

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt (Continued)

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes - JD Tractor	\$31,366	5.35%
General Obligation Notes - Dodge Truck	7,590	4.00%
General Obligation Notes - Ford Dump Truck	33,337	7.40%
Total	<u>\$72,293</u>	

The General Obligation Notes – JD Tractor were issued in 2008 to purchase a John Deere tractor with cutter mower. The General Obligation Notes – Dodge Truck were issued in 2009 to purchase a Dodge Truck with a snow blade. The General Obligation Notes – Ford Dump Truck were issued in 2010 to purchase a Ford Dump Truck. The full faith and credit of the Township has been pledged to repay the debt.

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

<u>Year ending December 31:</u>	<u>GO Note- JD Tractor</u>	<u>GO Note- Dodge Truck</u>	<u>GO Note- Ford Dump Truck</u>
2011	\$11,970	\$2,834	\$9,821
2012	11,465	2,732	9,453
2013	10,960	2,631	9,078
2014	0	0	8,706
Total	<u>\$34,395</u>	<u>\$8,197</u>	<u>\$37,058</u>

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

8. Risk Management

Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public officials' liability;
- Vehicles; and
- Property

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The rate is calculated based on accident history and administrative costs.

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Dave Yost • Auditor of State

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

Good Hope Township
Hocking County
26885 Darl Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the financial statements of Good Hope Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated December 28, 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 also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates 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 the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to 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 material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-006 through 2010-009 described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2010-001 through 2010-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 28, 2011.

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



Dave Yost
Auditor of State

December 28, 2011

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Finding for Recovery

The Good Hope Township Board of Trustees Resolution for Overtime Wages Policy in 2009 states, in pertinent part, that upon completion of a 40 hour work week, an employee can earn overtime wages at one and a half times their normal hourly rate. In addition, the Trustees resolution for Comp. Time in 2010 states, in pertinent part, that an employee can accrue comp. time at a rate of one and a half hour for every hour over 40 normal work hours (excludes vacation and sick time).

Thomas Heightland, an employee of the Township, received overtime wages on hours under 40 in 2009 and received comp. time on hours under 40 normal work hours in 2010. This resulted in overcompensation for Mr. Heightland.

The following table represents the overpayment to Thomas Heightland:

Total Hours Paid at Overtime Rate while Employee Rate \$8/Hour	35		
Half Time Rate (overpayment per hour)	x \$ 4.00		
		\$ 140.00	
Total Hours Paid at Overtime Rate while Employee Rate \$8.50/Hour	22		
Half Time Rate (overpayment per hour)	x \$ 4.25		
		\$ 93.50	
Total Over Payment of Overtime Wages		\$ 233.50	
Total Comp. Time Hours Paid for but not Earned	9		
Rate of Pay at Pay	x \$ 8.50		
Total Overpayment of Comp. Time Hours		\$ 76.50	
Total Finding for Recovery		\$ 310.00	

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding For Recovery for public monies illegally expended is hereby issued against Thomas Heightland in the amount of \$310, and in favor of the Road District Fund for \$216.50, the Road and Bridge Fund for \$76.50, and the Motor Vehicle License Tax Fund for \$17.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-001 (Continued)

Finding for Recovery (Continued)

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Tammy Crawford signed the warrants resulting in the overpayments to Mr. Heightland totaling \$310. Accordingly, Tammy Crawford and her bonding company, The Cincinnati Insurance Company, will be jointly and severally liable in the amount of \$310 and in favor of the Township Road District for \$216.50, the Road and Bridge Fund for \$76.50, and the Motor Vehicle License Tax Fund for \$17 to the extent that recovery is not obtained from Thomas Heightland.

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Rev. Code Section 9.38 provides public money must be deposited by a public official other than a state officer, employee, or agent, with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount received exceeds one thousand dollars. Public money collected for other public offices must be deposited by the first business day following the date of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (i.e., counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

Forty percent of the receipts tested in 2009 and sixty percent of the receipts tested in 2010 were not deposited timely (three to six days after receipt), in amounts ranging from \$58 to \$4,885, nor were the receipts safeguarded adequately. The Township did not adopt a policy for daily receipts that do not exceed \$1,000. In addition, we noted receipts totaling \$8,575 from Hocking County in 2009 were never deposited. Audit procedures were performed to confirm these checks were never cashed by the Township and were put in the Hocking County's unclaimed monies fund.

We recommend the Township develop and implement policies that would provide for the deposit of monies received in a timely manner. Further, the Township should take steps to develop safeguards over these receipts prior to deposit, including, but not limited to, placement in a safe, vault, locked cabinet, or other secure and restricted area.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-003

Noncompliance Citation

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities; Section 133.10 allows anticipation securities in anticipation of current property tax revenues; Section 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2010, the Township signed a promissory note with a local bank to purchase a Ford Truck for \$33,337. In addition, in 2009, the Township signed a promissory note with a local bank to purchase a Dodge Truck and snow blade for \$10,120. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. Failure to comply with the Ohio Revised Code could result in improper use of township money.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. We recommend the Township contact their legal counsel before incurring future debt.

FINDING NUMBER 2010-004

Noncompliance Citation

Ohio Rev. Code Section 5549.21 requires competitive bidding 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.

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

Ohio Rev. Code Section 149.43(B)(2) provides, to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

We found advertisements from the newspaper for bids for three Chip and Seal Materials contracts. However, we noted no evidence of those bids in the files. The amounts were for one contract of \$44,076 in 2009, and two contracts in 2010 for \$33,713 and \$57,070. In addition, we noted no evidence that Township bid out or advertised for the Ford Dump Truck Purchase for \$33,337 in 2010. Failure to properly bid for large dollar amounts could result in inefficient uses of Township resources. In addition, we did not find evidence the Township checked the Auditor of State's Unresolved Finding for Recovery database for the contractors that were awarded a contract. This could result in an improper contract if the contractor has an unresolved finding for recovery.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5549.21 (Continued)

We recommend that the Township properly bid for materials, machinery, and tools purchases that exceed the \$25,000 limit as set by the Ohio Revised Code. In addition, we recommend the Township include a certified search of the Auditor of State's Unresolved Findings for Recovery database with the contract bidding documents and maintain all bids in Township files. The Township should also maintain all records associated with any bidding or contractual commitments.

FINDING NUMBER 2010-005

Noncompliance Citation

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

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

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

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

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-005 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5709.41 (D)(1) (Continued)

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 44% of transactions tested for 2009 and 71% of transactions tested for 2010, and there was no evidence of a “Then and Now” certificate being utilized. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

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

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

FINDING NUMBER 2010-006

Material Weakness

When designing the public office’s system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties; the Township Fiscal Officer performed all accounting functions. It is therefore important that the Township Trustees function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the Trustees reviewed bank reconciliations, financial reports and records to monitor financial activity of the Township.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-006 (Continued)

Material Weakness (Continued)

This could result in the ledgers of the Township not being posted up-to-date, errors in the reconciliation, and errors and/or omissions occurring in the Township's annual report without the timely knowledge of the Trustees.

We recommend financial information be presented to the Trustees at each regular monthly meeting for review. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. These reviews should either be documented in the minutes of the Township or the financial information provided should be signed by Trustees indicating their review.

FINDING NUMBER 2010-007

Material Weakness

Throughout the audit period, the Fiscal Officer did not reconcile the end of month bank balance to accurate end of month cash balances per the Township's accounting system.

The lack of accurate and timely performance of monthly bank reconciliations resulted in numerous errors which remained undetected and uncorrected until performance of the audit. These errors resulted in material adjustments being made to the accounting system and financial statements to present accurate cash balances at year end. These adjustments are reflected, in aggregate, in Finding Number 2010-009.

We recommend the Fiscal Officer reconcile the month end bank balance to the cash balance per the accounting system on a monthly basis. We also recommend this reconciliation be reviewed and approved, as indicated by the signature of reviewing trustee(s), by a member of the Board of Trustees.

FINDING NUMBER 2010-008

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.

In 2010, we noted estimated receipts for the General Fund at year-end were \$89,346; however, the system reflected \$79,346, causing a variance of \$10,000. In addition, we noted appropriations for the General Fund at year-end were \$136,380; however, the system reflected \$126,380 causing a variance of \$10,000.

In 2009, we noted appropriations at year-end for the Gasoline Tax Fund were \$120,300; however, the system reflected \$121,100, causing a variance of \$800. Also, we noted appropriations at year end for the Fire District Fund were \$73,425; however, the system reflected \$75,500, causing a variance of \$2,075.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-008 (Continued)

Material Weakness (Continued)

This caused the management of the Township to lose some degree of budgetary control because budgetary information was being improperly entered into the system and the notes to the financial statements.

We recommend posting estimated receipts as certified by the County Budget Commission and appropriations adopted by the Board of Trustees. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

FINDING NUMBER 2010-009

Material Weakness

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

The Township misclassified and misposted tax receipts, intergovernmental receipts, earnings on investments, miscellaneous receipts, and note proceeds as well as general government, public works, public safety, principal, and interest disbursements, to the Township receipt and disbursement ledgers and to the annual financial report submitted to the Auditor of State for fiscal years 2009 and 2010.

These misstatements had the following net effect on the Township's financial statements as of December 31, 2010:

Fund	UAN Fund Balance at 12/31/10	Audited Fund Balance at 12/31/10	Adjustment
General	\$ 59,805	\$ 73,184	\$ 13,379
Motor Vehicle License Tax	7,346	8,808	1,462
Gasoline Tax	29,818	30,077	259
Road and Bridge	10,017	(12,407)	(22,424)
Fire District	42,379	58,050	15,671
Road District	8,236	14,382	6,146
General Note Retirement	863	932	69

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the accompanying financial statements and ledgers.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-009 (Continued)

Material Weakness (Continued)

In addition, note proceeds and capital outlay in the amounts of \$10,120 for 2009 and \$33,337 for 2010 were not posted to the Township's records. As a result, receipts and disbursements were understated on the Township's records. These adjustments, with which the Township's management agrees, are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

Officials' Response:

The officials chose not to respond to the above findings.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 5705.10 (A)(B)(C) – Posting of Revenue	No	Not Corrected; Re-issued in the Current Schedule of Findings as 2010-009
2008-002	Ohio Rev. Code Section 5705.41(D)(1) – not encumbering properly	No	Not Corrected; Re-issued in the Current Schedule of Findings as 2010-005
2008-003	Material Weakness Untimely Bank Reconciliations	No	Not Corrected; Re-issued in the Current Schedule of Findings as 2010-007

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Dave Yost • Auditor of State

GOOD HOPE TOWNSHIP

HOCKING 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
JANUARY 24, 2012**