



**Auditor of State
Betty Montgomery**

WHITEWATER TOWNSHIP
HAMILTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Whitewater Township
Hamilton County
6101 Dry Fork Road
P.O. Box 554
Miamitown, Ohio 45041

To the Board of Trustees:

We have audited the accompanying financial statements of Whitewater Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2003 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 grants. 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.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 31, 2003

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$334,752	\$722,114	\$1,056,866
Intergovernmental	122,651	112,206	234,857
Earnings on Investments	2,904	16,459	19,363
Other Revenue	63,830	48,462	112,292
	<u>524,137</u>	<u>899,241</u>	<u>1,423,378</u>
Cash Disbursements:			
Current:			
General Government	517,213	137,946	655,159
Public Safety		547,386	547,386
Public Works	13,472	26,451	39,923
Debt Service:			
Redemption of Principal		13,900	13,900
Interest and Fiscal Charges		5,502	5,502
Capital Outlay	41,443	103,418	144,861
	<u>572,128</u>	<u>834,603</u>	<u>1,406,731</u>
Total Receipts Over/(Under) Disbursements	<u>(47,991)</u>	<u>64,638</u>	<u>16,647</u>
Other Financing Receipts and (Disbursements):			
Other Sources	14,478		14,478
	<u>14,478</u>	<u>0</u>	<u>14,478</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(33,513)	64,638	31,125
Fund Cash Balances, January 1	<u>135,700</u>	<u>920,591</u>	<u>1,056,291</u>
Fund Cash Balances, December 31	<u>\$102,187</u>	<u>\$985,229</u>	<u>\$1,087,416</u>

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

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$314,470	\$733,538	\$1,048,008
Intergovernmental	136,734	57,491	194,225
Earnings on Investments	6,573	19,719	26,292
Other Revenue	80,277	97,344	177,621
	<u>538,054</u>	<u>908,092</u>	<u>1,446,146</u>
Total Cash Receipts			
	<u>538,054</u>	<u>908,092</u>	<u>1,446,146</u>
Cash Disbursements:			
Current:			
General Government	471,713	181,510	653,223
Public Safety		495,102	1,288,670
Public Works	12,271	56,697	68,968
Health	5,220	80	5,300
Debt Service:			
Redemption of Principal		13,900	13,900
Interest and Fiscal Charges		6,302	6,302
Capital Outlay	13,951	31,937	45,888
	<u>503,155</u>	<u>785,528</u>	<u>2,082,251</u>
Total Cash Disbursements			
	<u>503,155</u>	<u>785,528</u>	<u>2,082,251</u>
Total Receipts Over/(Under) Disbursements	<u>34,899</u>	<u>122,564</u>	<u>157,463</u>
Fund Cash Balances, January 1	<u>100,801</u>	<u>798,027</u>	<u>898,828</u>
Fund Cash Balances, December 31	<u><u>\$135,700</u></u>	<u><u>\$920,591</u></u>	<u><u>\$1,056,291</u></u>

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

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Whitewater Township, Hamilton 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, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the 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. 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.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Fire District Fund – This fund receives property tax money, which is used to pay for fire protection within the Township.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts). 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. The Township did not use the encumbrance method of accounting.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of 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. CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$223,480	\$206,147
Total deposits	<u>223,480</u>	<u>206,147</u>
Investments:		
STAR Ohio	474,998	466,562
US Bank Mutual Fund	363,035	358,217
Miami Savings Bank Mutual Fund	25,903	25,365
Total investments	<u>863,936</u>	<u>850,144</u>
Total deposits and investments	<u>\$1,087,416</u>	<u>\$1,056,291</u>

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$610,000	\$532,978	(\$77,022)
Special Revenue	828,600	899,241	70,641
Total	\$1,438,600	\$1,432,219	(\$6,381)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$770,124	\$566,491	\$203,633
Special Revenue	1,721,776	834,603	887,173
Total	\$2,491,900	\$1,401,094	\$1,090,806

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$739,076	\$549,431	(\$189,645)
Special Revenue	744,769	908,092	163,323
Total	\$1,483,845	\$1,457,523	(\$26,322)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$797,000	\$514,532	\$282,468
Special Revenue	1,422,265	785,528	636,737
Total	\$2,219,265	\$1,300,060	\$919,205

Contrary to Ohio law, at April 30, 2001 and December 31, 2001, appropriations exceeded estimated resources in the Gasoline Tax Fund by \$128,156 and in the Fire Fund by \$162,259.

Contrary to Ohio law, at December 31, 2002, appropriations exceeded estimated resources in the Fire Fund by \$163,060.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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, 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Land Acquisition Bond Anticipation Note	\$83,300	5.75%

The Township issued \$125,000 of bond anticipation notes in June 1999, for the purchase of land, and improvement for the Fire Department. The notes will be repaid in yearly installments of \$13,900, plus interest, over a nine year period, maturing in June 2008. The Bond Anticipation Notes are direct obligations and pledge the full faith and credit of the government.

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

	<u>Bond Anticipation Note</u>
Year ending December 31:	
2003	18,690
2004	17,791
2005	17,097
2006	16,298
2007	15,499
2008	14,699
Total	<u><u>\$100,074</u></u>

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. LEASE COMMITMENTS

The significant leases outstanding at December 31, 2002 were as follows:

	Principal	Interest Rate
Fire Equipment Lease - Fire Truck	64,290	5.82%
Fire Equipment Lease - Squad Car	33,746	9.20%
Fire Equipment Lease - Water Truck	22,329	8.60%
Fire Equipment Lease - Pick-Up Truck	3,543	6.50%
Fire Equipment Lease - Ford Explorer	3,255	6.50%
Total	\$127,163	

In 1997, the Township entered into a lease agreement with Emergency One, Inc. to finance the purchase of a fire truck. The lease will be repaid in annual installments of \$18,477, including interest, over nine years, maturing in 2006.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a squad car for the Fire Department. The lease will be repaid in annual installments of \$17,120, including interest, over seven years, maturing in 2004.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a water truck for the Fire Department.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a pick-up truck for the Fire Department.

In 1998, the Township entered into a lease agreement with Firststar Bank to finance the purchase of a Ford Explorer for the Fire Department.

The following are schedules of the future lease payments required under the capital leases as of December 31, 2002:

Year Ending			Water	Pick-Up	Ford
December 31:	Fire Truck	Fire Squad	Truck	Truck	Explorer
2003	18,477	17,120	14,704	3,183	2,925
2004	18,477	17,120	7,352	0	0
2005	18,477	0	0	0	0
2006	18,477	0	0	0	0
Total	\$73,908	\$34,240	\$22,056	\$3,183	\$2,925

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS 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 also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. RELATED PARTY TRANSACTIONS

The Township Administrator is a partner of the law firm which represents the Township in legal affairs. The Township paid \$4,834 in legal fees in fiscal year 2001.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Whitewater Township
Hamilton County
6101 Dry Fork Road
P.O. Box 554
Miamitown, Ohio 45041

To the Board of Trustees:

We have audited the accompanying financial statements of Whitewater Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 31, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated July 31, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2002-001 through 2002-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe 2002-001 through 2002-003 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated July 31, 2003.

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



Betty Montgomery
Auditor of State

July 31, 2003

**WHITEWATER TOWNSHIP
HAMILTON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Material Noncompliance

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund shall not exceed the total estimated resources as certified by the budget commission. At April 30, 2001, the Township had appropriations that exceeded the estimated resources in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Motor Vehicle License Tax	\$8,706	\$12,400	\$3,694
Gasoline Tax	\$103,244	\$231,400	\$128,156
Fire	\$561,941	\$724,200	\$162,259
Permissive Motor Vehicle	\$272,557	\$304,000	\$31,443

At December 31, 2001, the Township had appropriations that exceeded the estimated resources in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Motor Vehicle License Tax	\$8,706	\$12,400	\$3,694
Gasoline Tax	\$103,244	\$231,400	\$128,156
Fire	\$561,941	\$724,200	\$162,259
Permissive Motor Vehicle	\$272,557	\$304,000	\$31,443

At October 31, 2002, the Township had appropriations that exceeded the estimated resources in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Road and Bridge	\$221,266	\$222,000	\$734
Fire	\$675,316	\$754,876	\$79,560

At December 31, 2002, the Township had appropriations that exceeded the estimated resources in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Road and Bridge	\$221,266	\$222,000	\$734
Fire	\$675,316	\$838,376	\$163,060

The amount of estimated receipts certified by the County Auditor on the Certificate of Estimated Resources were not recorded in the Township's receipts ledger. To better monitor compliance with budgetary requirements, we recommend that the Clerk post all official budgetary documents to the accounting system as they are approved.

FINDING NUMBER 2002-002

Material Noncompliance

Ohio Rev. Code, Section 5705.41 (B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. At April 30, 2001, the Township had total expenditures that exceeded total appropriations in the Road and Bridge Fund by \$653.

At December 31, 2001, the Township had total expenditures that exceeded total appropriations in the following funds:

Fund [Fund-Function-Object Code]	Appropriations	Expenditures	Variance
General Fund – Workers’ Compensation	\$13,400	\$15,856	\$2,456
General Fund Miscellaneous	\$0	\$2,565	\$2,565
Road & Bridge Fund - Other	(\$500)	\$19,370	\$19,870
Fire Fund - Salaries	\$435,000	\$448,058	\$13,058
Fire Fund - Repairs	\$20,000	\$37,399	\$17,399

At October 31, 2002, the Township had total expenditures that exceeded total appropriations in the following funds:

Fund [Fund-Function-Object Code]	Appropriations	Expenditures	Variance
General Fund – Other	\$22,200	\$24,232	\$2,032
Fire Fund – New Buildings & Equipment	\$54,000	\$55,775	\$1,775
Fire Fund - Supplies	\$40,000	\$42,292	\$2,292

At December 31, 2002, the Township had total expenditures that exceeded total appropriations in the following funds:

Fund [Fund-Function-Object Code]	Appropriations	Expenditures	Variance
General Fund – Other	\$24,200	\$28,654	\$4,454
Fire Fund – New Buildings & Equipment	\$63,000	\$69,235	\$6,235
Fire Fund - Supplies	\$49,000	\$51,786	\$2,786

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Board to approve increased expenditure levels by increasing appropriations and amending estimate resources, if necessary.

FINDING NUMBER 2002-003

Noncompliance/Material Weakness

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

FINDING NUMBER 2002-003
(Continued)

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

The Township does not use purchase orders or certify the encumbrance of funds until an invoice is paid. The purchasing processing should be initialed with a complete and signed purchase order prior to the ordering of goods or services, and the expenditure of money. The department supervisor(s) or other authorized personnel should complete and submit a purchase order to the Clerk for review, approval, and certification that funds are available to purchase the goods and/or service, and that the purchase is valid and for a proper public purpose. The Township should institute the use of purchase orders and establish proper procedures for processing purchase orders not only to be in compliance with the Ohio Revised Code, but to provide assurance that all expenditures are authorized and valid.

FINDING NUMBER 2002-004

Reportable Condition

The Township did not maintain complete and accurate records of the Township's business. The following are problems that were noted during the audit:

- Monthly cash reconciliations included numerous reconciling items. Significant amounts of receipts were not posted or posted incorrectly. Payroll expenditures were often posted over/under actual amounts. The Clerk should review the general ledger for proper posting of receipt and expenditure transactions in the period in which they are received. This will help reduce the number of reconciling items on the Township's bank reconciliations, and the number of adjustments required to properly reflect the Township's financial activity.
- The Township improperly posted Homestead and Rollback tax, Inheritance tax, Liquor Permits, and other intergovernmental receipts which resulted in the re-class of approximately \$107,950 from the general fund to the fire fund and the rescinding of transfers made from the general fund to the fire fund in 2002. There were also several receipts which were not posted in the proper period and that were posted at the net amount rather than at the gross amount, and the payment of debt principal and interest was improperly posted. Due care should be taken in recording taxes and intergovernmental receipts and debt and interest payments so they are posted to the correct line item. Receipts posted to the cash journal should be reviewed for accuracy and proper classification for a more accurate presentation for financial data.
- The Township's fiscal year 2002 and 2001 annual reports contained numerous posting and footing errors. The beginning balances for 2001 did not agree to the prior years' audit report ending balances. Failure to correct fund balances for current and prior year re-classes and/or adjustments for each fund results in inaccurate reports for management to base financial decisions on. Due care should be taken when posting transactions to the general ledger system to prevent posting and footing errors to the annual reports.

FINDING NUMBER 2002-004
(Continued)

- There was no indication on the invoices that the Clerk had reviewed and approved the purchases. The Clerk should approve and initial all invoices when agreed to the checks and purchase orders. The invoices should be agreed to the checks for accuracy to ensure that the correct payment is made. The invoices should be agreed to the purchase orders for reasonableness in order to ensure that the Township has received the goods/services that it was billed for and that the goods/services were for a proper public purpose.
- The Township did not routinely monitor its revenue and expenditure budget to actual activity. We recommend that that Township routinely monitor its budget to actual activity in order to prevent unnecessary citations.

The Township should adopt and implement policies and procedures for the recording, reporting, and monitoring of the Township's fiscal activity to assist in complete and accurate records that will exhibit correct statements of all monies received and expended during the year and to detect errors in a more timely manner.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-40431-001	The Township did not comply with Ohio Rev. Code, Section 5705.39 – appropriations exceeded estimated resources.	No	Not corrected – reissued as Finding Number 2002-001.
2000-40431-002	The Township did not comply with Ohio Rev. Code, Section 5705.41(B) – expenditures exceeded appropriations.	No	Not corrected – reissued as Finding Number 2002-002.
2000-40431-003	The Township did not comply with Ohio Rev. Code, Section 5705.41(D) – failure to properly encumber	No	Not corrected – reissued as Finding Number 2002-003.
2000-40431-004	The Township did not comply with Ohio Rev. Code, Section 5705.09(F) – did not establish a special fund for each class of revenue received.	N/A	Finding N/A for this audit
2000-40431-005	The Township had numerous reconciling items and adjustments to the ledgers for FY 2000 and 1999.	No	Not corrected – reissued as Finding Number 2002-004. However, the Clerk posted the prior and current adjustments to the system in July 2003.



**Auditor of State
Betty Montgomery**

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800-282-0370

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WHITEWATER TOWNSHIP

HAMILTON 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
OCTOBER 9, 2003**