

ROSS TOWNSHIP

GREENE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Ross Township
6272 Grape Grove Road
Jamestown, Ohio 45335

We have reviewed the *Independent Auditors' Report* of Ross Township, Greene County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Ross Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 23, 2009

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**ROSS TOWNSHIP
GREENE COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ross Township
6272 Grape Grove Road
Jamestown, Ohio 45335

We have audited the accompanying financial statements of Ross Township, Greene County, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Ross Township, Greene County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determines is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

August 12, 2009

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**ROSS TOWNSHIP
GREENE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property & Other Local Taxes	\$ 34,228	\$ 59,697	\$ 93,925
Licenses, Permits and Fees	105	2,244	2,349
Intergovernmental Receipts	57,864	115,217	173,081
Earnings on Investments	6,773	1,295	8,068
Miscellaneous	100	764	864
	<u>99,070</u>	<u>179,217</u>	<u>278,287</u>
Total Cash Receipts			
	<u>99,070</u>	<u>179,217</u>	<u>278,287</u>
Cash Disbursements:			
Current:			
General Government	72,262	0	72,262
Public Safety	12,625	33,044	45,669
Public Works	0	132,674	132,674
Health	2,192	5,256	7,448
Capital Outlay	188	0	188
	<u>87,267</u>	<u>170,974</u>	<u>258,241</u>
Total Cash Disbursements			
	<u>87,267</u>	<u>170,974</u>	<u>258,241</u>
Total Receipts Over/(Under) Disbursements	<u>11,803</u>	<u>8,243</u>	<u>20,046</u>
Fund Cash Balances, January 1	<u>159,523</u>	<u>115,855</u>	<u>275,378</u>
Fund Cash Balances, December 31	<u><u>\$ 171,326</u></u>	<u><u>\$ 124,098</u></u>	<u><u>\$ 295,424</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**ROSS TOWNSHIP
GREENE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	GOVERNMENTAL FUND TYPES		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property & Other Local Taxes	\$ 32,434	\$ 56,429	\$ 88,863
Licenses, Permits and Fees	675	3,228	3,903
Intergovernmental Receipts	22,695	111,686	134,381
Earnings on Investments	14,003	2,675	16,678
Miscellaneous	2,888	2,047	4,935
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	72,695	176,065	248,760
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	69,966	0	69,966
Public Safety	0	36,515	36,515
Public Works	0	139,646	139,646
Health	2,409	5,618	8,027
Capital Outlay	1,190	0	1,190
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	73,565	181,779	255,344
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(870)	(5,714)	(6,584)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(870)	(5,714)	(6,584)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	160,393	121,569	281,962
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 159,523	\$ 115,855	\$ 275,378
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The Notes to the Financial Statements are an integral part of this statement.

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Toss Township, Greene County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Silvercreek and Cedarville Townships to provide fire 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 a payment is made 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

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds:

These funds are used to 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:

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 money for constructing, maintaining and repairing Township roads.

Fire and EMS Fund – This fund receives fire levy money to pay for fire and emergency medical services.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

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 subsequent year.

A summary of 2007 and 2008 budgetary activity appears in Note 3.

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 9,759	\$ 6,245
Money Market Account	<u>285,665</u>	<u>269,133</u>
Total Deposits	<u>\$ 295,424</u>	<u>\$ 275,378</u>

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

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 97,816	\$ 99,070	\$ 1,254
Special Revenue	172,602	179,217	6,615
Total	<u>\$ 270,418</u>	<u>\$ 278,287</u>	<u>\$ 7,869</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 249,961	\$ 87,267	\$ 162,694
Special Revenue	276,540	170,974	105,566
Total	<u>\$ 526,501</u>	<u>\$ 258,241</u>	<u>\$ 268,260</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 61,740	\$ 72,695	\$ 10,955
Special Revenue	135,709	176,065	40,356
Total	<u>\$ 197,449</u>	<u>\$ 248,760</u>	<u>\$ 51,311</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 222,134	\$ 73,565	\$ 148,569
Special Revenue	257,278	181,779	75,499
Total	<u>\$ 479,412</u>	<u>\$ 255,344</u>	<u>\$ 224,068</u>

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses and injuries to employees. The Township insures against injuries through the Ohio Bureau of Worker's Compensation. The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entities Excess Pool (APEEP.) 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 Coverage

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

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RISK MANAGEMENT, (Continued)

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

Property Coverage

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

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

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when related claims are due for payment.

The Township's share of these unpaid claims collectible in future years is approximately \$7,258. This payable includes the subsequent year's contribution due if the Township terminates participation as described in the last paragraph below.

**ROSS TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RISK MANAGEMENT, (Continued)

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

<u>Contributions to OTARMA</u>	
2008	\$4,240
2007	\$3,624

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

7. RELATED PARTY TRANSACTIONS

Current Trustee, Steve Hart is the owner of Countyside Propane. During both 2008 and 2007, Ross Township purchased propane from Countyside for the Township house and garage. The Township paid Countyside Propane \$4,057 and \$3,690 in 2008 and 2007, respectively, for propane.

Additionally, current Trustee, Mike Brown is the owner of Mike's Welding which is used by the Township for any welding or similar nature repair work. The Township paid Mike's Welding \$2,390 in 2008 for work and/or repairs to the snow plow and dump truck. The Township paid Mike's Welding \$315 in 2007 for repairs to a weed eater and the installation of a salt spreader.

Both Trustees were noted as abstaining from the approval of the disbursements used to pay for their respective invoices.

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Ross Township
Greene County
6272 Grape Grove Road
Jamestown, Ohio 45335

To the Board of Trustees:

We have audited the financial statements of Ross Township, Greene County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 12, 2009 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Township's management in a separate letter dated August 12, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants 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 an instance of noncompliance that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as items 2008-001.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 12, 2009.

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

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

Manning & Associates CPAs, LLC
Dayton, Ohio

August 12, 2009

**ROSS TOWNSHIP
GREENE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.
2. **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.
3. **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 one line item appropriation.

Unless the exception noted above is 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.

The Township issued purchase orders after the incurrence of an expense without certifying the purchase order as a "Then and Now," for 7 (out of 120) and 11 (out of 100) of expenditures tested in 2008 and 2007, respectively.

Response: The Fiscal Officer will review the proper use of purchase orders.

**ROSS TOWNSHIP
GREENE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	Township did not properly classify all receipts on its annual report	Yes	
2006-002	ORC 135.21 (C) - Interest receipts were not properly allocated between funds	Yes	



Mary Taylor, CPA
Auditor of State

ROSS TOWNSHIP

GREENE 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 6, 2009**