



Dave Yost • Auditor of State



LATTY TOWNSHIP  
PAULDING COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Latty Township  
Paulding County  
204 Tyler Street  
P.O. Box 47  
Grover Hill, Ohio 45849-0047

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Latty Township, Paulding County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Latty Township, Paulding County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

May 20, 2013

**LATTY TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$12,421	\$31,875		\$44,296
Licenses, Permits, and Fees	155			155
Intergovernmental	58,334	106,811	\$5,000	170,144
Earnings on Investments	6	12		18
Miscellaneous		5,250		5,250
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	70,916	143,947	5,000	219,863
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	21,396	618	5,000	27,015
Public Safety		17,400		17,400
Public Works	1,561	167,283		168,844
Health	251	500		
Capital Outlay		2,850		2,850
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	23,209	188,652	\$5,000	216,109
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	47,707	(44,704)		3,003
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>				
Other Financing Sources	2			2
Transfers-In		40,000		40,000
Transfers-Out	(40,000)			(40,000)
Total Other Financing Receipts/(Disbursements)	(39,998)	40,000		2
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	7,709	(4,704)		3,005
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	170,331	129,359		299,690
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>				
Restricted		76,607		76,607
Committed		45,957		45,957
Unassigned	180,131			180,131
<b>Fund Cash Balances, December 31</b>	<u>\$178,040</u>	<u>\$124,655</u>		<u>\$302,695</u>

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

**LATTY TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$13,856	\$31,541	\$45,397
Licenses, Permits, and Fees	105		105
Intergovernmental	113,848	102,448	216,297
Earnings on Investments	13	24	37
Miscellaneous		600	600
<i>Total Cash Receipts</i>	<u>127,823</u>	<u>134,613</u>	<u>262,436</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	25,614	607	26,222
Public Safety		17,400	17,400
Public Works	526	65,370	65,896
Health	807	1,130	1,937
Capital Outlay	13,362	34,019	47,380
<i>Total Cash Disbursements</i>	<u>40,309</u>	<u>118,526</u>	<u>158,835</u>
<i>Excess of Receipts Over Disbursements</i>	<u>87,513</u>	<u>16,087</u>	<u>103,601</u>
<b>Other Financing Receipts</b>			
Other Financing Sources		524	524
<i>Net Change in Fund Cash Balances</i>	87,513	16,611	104,125
<i>Fund Cash Balances, January 1</i>	<u>82,818</u>	<u>112,747</u>	<u>195,565</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		103,239	103,239
Committed		25,290	25,290
Unassigned	171,161		171,161
<b>Fund Cash Balances, December 31</b>	<u><b>\$170,331</b></u>	<u><b>\$129,359</b></u>	<u><b>\$299,690</b></u>

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



**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012**

**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 Latty Township, Paulding County, Ohio (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, and cemetery maintenance. The Township contracts with the Villages of Grover Hill and Scott to provide fire services and emergency medical services.

The Township participates in the Ohio Plan a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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 and Investments**

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

The Township values its certificates of deposits at cost.

**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 report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Motor Vehicle License Tax Fund - This fund receives tax money for constructing, maintaining, and repairing Township roads and bridges.

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Grants Works Projects Fund - The Township received a grant from the Ohio Department of Commerce to purchase communication and equipment used in conjunction with fire suppression.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2011 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

In 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits**

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

	2011	2012
Demand deposits	\$155,817	\$158,822
Certificates of deposit	143,873	143,873
Total deposits	\$299,690	\$302,695

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,870	\$70,916	\$46,046
Special Revenue	124,090	183,947	59,857
Capital Projects	5,000	5,000	
Total	\$148,960	\$254,863	\$105,903

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,104	\$63,209	\$1,895
Special Revenue	209,412	188,652	20,760
Capital Projects	5,000	5,000	
Total	\$279,516	\$256,861	\$22,655

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,570	\$127,823	\$103,253
Special Revenue	125,690	135,137	9,447
Total	\$150,260	\$262,960	\$112,700

Fund Type	Authority	Expenditures	Variance
General	\$69,430	\$40,309	\$29,121
Special Revenue	228,003	118,526	109,477
Total	\$297,433	\$158,835	\$138,598

Contrary to Ohio law, cemetery maintenance expenditures were allocated to funds restricted for township road maintenance (Motor Vehicle License Tax fund \$830 in 2011 and to the Gasoline fund \$1,260 in 2012).

**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012  
(Continued)**

**4. 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.

**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 plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

**6. Risk Management**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

**LATTY TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2012  
(Continued)**

**6. Risk Management (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2011 and 2010 (the latest information available)

	<b>2011</b>	<b>2010</b>
Assets	<u>\$12,501,280</u>	<u>\$12,036,541</u>
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Members' Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# Dave Yost • Auditor of State

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

Latty Township  
Paulding County  
204 Tyler Street, P.O. Box 47  
Grover Hill, Ohio 45849-0047

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Latty Township, Paulding County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated March 7, 2013 wherein we noted the Township followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and wherein the Township adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-001 and 2012-002 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

May 20, 2013



**LATTY TOWNSHIP  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Material Weakness - Noncompliance Citation**

**Ohio Revised Code, § 5705.10**, provides that all revenue derived from a source other than the general property tax and for which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally, subsection (H) of that provision states that money paid into any fund shall be used only for the purposes for which such fund is established.

Additionally, **Ohio Revised Code, § 4503.02**, states in part the annual motor vehicle license tax is levied for the purpose of paying for the planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts.

**Ohio Revised Code, §5735.27 (A)(5)(d)**, requires the funds received from the gasoline excise tax shall be expended by each township to plan, construct, maintain, widen, and reconstruct the public roads and highways within such township. In addition Ohio Constitution, Article XII, Section 5a, states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles shall be expended for other than cost of administering such laws, statutory refund and adjustments provided therein, payment of highway obligations, cost for construction, reconstruction, maintenance, and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

Payments were made totaling \$830 from the Township's Motor Vehicle License Tax fund in 2011 and \$1,260 from the Gasoline Tax fund in 2012 for mowing services at the Townships' cemeteries. The monies which these funds receive are restricted for the maintenance and repair of township roads. Cemetery maintenance is not an allowable use of these monies.

Audit adjustments were made from the General fund to the financial statements and the Township's accounting records to reimburse the Motor Vehicle License Tax and Gasoline Tax funds.

The Fiscal Officer should review the Ohio Township Manual and Ohio Revised Code to determine allowable expenditures for each fund.

**FINDING NUMBER 2012-002**

**Material Weakness – Financial Reporting**

The following classification errors were noted in the financial statements which required audit adjustments.

1. Uniform accounting network (UAN) fees and audit fees of \$1,440 in 2011 were classified as Health expenditures instead of General Government in the General Fund.
2. Fire contract expenditures of \$12,000 in 2011 and 2012 were recorded as General Government expenditures in the Special Levy Fire fund. These should be Public Safety expenditures.

**FINDING NUMBER 2012-002  
(Continued)**

3. Emergency medical service (EMS) contract expenditures of \$5,400 in 2011 and 2012 were recorded as General Government expenditures in the Special EMS Levy fund instead of Public Safety expenditures.
4. Grave opening expenditures of \$300 in 2011 and \$550 in 2012 were recorded as Capital Outlay in the Cemetery fund instead of Health expenditures.

These adjustments have been posted to the Township's financial statements.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**LATTY TOWNSHIP  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Ohio Revised Code § 5735.27 (A)(5)(d), for improper disbursements from the Motor Vehicle License Tax and Gasoline Tax Funds.	No	Reissued as Finding 2012-001 in this report
2010-002	Ohio Revised Code §5705.09(F) for failure to establish a special fund for each class of revenues derived from a source other than the general property tax.	Yes	
2010-003	Ohio Revised Code §5705.41(D) for Non certification of expenditures by Fiscal Officer.	Yes	
2010-004	Recommendation to improve monitoring of financial statements.	No	Reissued as Finding 2012-002 in this report

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# Dave Yost • Auditor of State

LATTY TOWNSHIP

PAULDING 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  
JUNE 13, 2013