



Dave Yost • Auditor of State



NEW LONDON TOWNSHIP  
HURON COUNTY

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# Dave Yost • Auditor of State

New London Township  
Huron County  
5922 Townline Road 187  
New London, Ohio 44851-9409

To the Board of Trustees:

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

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**Dave Yost**  
Auditor of State

December 30, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

New London Township  
Huron County  
5922 Townline Road 187  
New London, Ohio 44851-9409

To the Board of Trustees:

We have audited the accompanying financial statements of New London Township, Huron County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audits provide a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of New London Township, Huron County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

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

December 30, 2011



**NEW LONDON TOWNSHIP  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$20,612	\$52,675		\$73,287
Licenses, Permits, and Fees	741	550		\$1,291
Intergovernmental	22,626	108,975	\$210,401	\$342,002
Earnings on Investments	588	72		\$660
Miscellaneous	3,264			\$3,264
	<u>47,831</u>	<u>162,272</u>	<u>210,401</u>	<u>420,504</u>
<b>Total Cash Receipts</b>				
	<u>47,831</u>	<u>162,272</u>	<u>210,401</u>	<u>420,504</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	29,962			29,962
Public Safety	10,300			10,300
Public Works	7,370	158,960		166,330
Health	5,370	1,250		6,620
Capital Outlay			210,401	210,401
	<u>53,002</u>	<u>160,210</u>	<u>\$210,401</u>	<u>423,613</u>
<b>Total Cash Disbursements</b>				
	<u>53,002</u>	<u>160,210</u>	<u>\$210,401</u>	<u>423,613</u>
Total Receipts Over/(Under) Disbursements	(5,171)	2,062		(3,109)
Fund Cash Balances, January 1	203,203	131,898		335,101
<b>Fund Cash Balances, December 31</b>	<u><u>\$198,032</u></u>	<u><u>\$133,960</u></u>		<u><u>\$331,992</u></u>
Reserve for Encumbrances, December 31		\$210		\$210

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

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$21,041	\$52,215	\$73,256
Charges for Services		300	300
Licenses, Permits, and Fees	1,174		1,174
Intergovernmental	84,952	104,287	189,239
Earnings on Investments	1,076	56	1,132
Miscellaneous	3,419	400	3,819
	<u>111,662</u>	<u>157,258</u>	<u>268,920</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	33,308		33,308
Public Safety	13,450		13,450
Public Works	1,427	124,068	125,495
Health	5,010		5,010
	<u>53,195</u>	<u>124,068</u>	<u>177,263</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over Disbursements	58,467	33,190	91,657
Fund Cash Balances, January 1	<u>144,736</u>	<u>98,708</u>	<u>243,444</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$203,203</u></b>	<b><u>\$131,898</u></b>	<b><u>\$335,101</u></b>
Reserve for Encumbrances, December 31	<u>                    </u>	<u>\$210</u>	<u>\$210</u>

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

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the New London Township, Huron 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 Village of New London to provide fire services.

The Township participates in one public entity risk pool and one jointly governed organization. Notes 6 and 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Ohio Plan Risk Management, Inc. provides property and general liability insurance.

Jointly Governed Organization:

The Firelands Ambulance Service provides emergency medical services to each member.

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 certificates of deposit 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:

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than 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 tax money to pay for constructing, maintaining, and repairing Township roads.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Funds:

Fayette Road Fund - The Township received a grant from the State of Ohio to improve the road.

Chenango Road Fund - The Township received a grant from the State of Ohio to improve the guardrail and embankment.

**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.

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2010 and 2009 budgetary activity appears in Note 3.

**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.

**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:

	2010	2009
Demand deposits	\$193,271	\$196,784
Certificates of deposit	138,721	138,317
Total deposits	\$331,992	\$335,101

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

**3. BUDGETARY ACTIVITY**

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,619	\$47,831	\$7,212
Special Revenue	148,070	162,272	14,202
Capital Projects	210,401	210,401	
Total	\$399,090	\$420,504	\$21,414

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,737	\$53,002	\$191,735
Special Revenue	266,663	160,420	106,243
Capital Projects	210,401	210,401	
Total	\$721,801	\$423,823	\$297,978

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,111	\$111,662	\$69,551
Special Revenue	143,738	157,258	13,520
Total	\$185,849	\$268,920	\$83,071

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,523	\$53,195	\$130,328
Special Revenue	234,374	124,278	110,096
Total	\$417,897	\$177,473	\$240,424

**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.

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**5. RETIREMENT SYSTEM**

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

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

**6. RISK MANAGEMENT**

**Risk Pool Membership**

Prior to 2009, the Government belonged to the Ohio Government 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

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, 2010 and 2009, and include amounts for both OPRM and OPHC:

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

**7. JOINTLY GOVERNED ORGANIZATION**

The Firelands Ambulance Service, Huron County, (the Ambulance Service) provides emergency medical services to residents of five political subdivisions. A five-member Board of Trustees governs the Ambulance Service. Each political subdivision appoints one member. Those subdivisions are the Village of New London, Fitchville and New London Townships in Huron County, and Ruggles and Troy Townships in Ashland County.





# Dave Yost • Auditor of State

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

New London Township  
Huron County  
5922 Townline Road 187  
New London, Ohio 44851-9409

To the Board of Trustees:

We have audited the financial statements of New London Township, Huron County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated December 30, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audits 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 audits, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2010-001 and 2010-002 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### 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 audits and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 30, 2011.

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



**Dave Yost**  
Auditor of State

December 30, 2011

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code, § 5705.10 (D)**, states all revenues derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Fiscal Officer posted homestead and rollbacks at net and in the incorrect fund, personal property reimbursement posted to the incorrect fund, and estate taxes posted at net amounts. The following table shows the amounts in error and the amounts we adjusted to the correct fund balances:

	<b>2009</b>	<b>2010</b>
<b>Fund Type/Fund</b>	<b>Amount Adjusted</b>	<b>Amount Adjusted</b>
General Fund	(\$5,025)	(\$7,475)
<b>Special Revenue Fund Type:</b>		
Road and Bridge	5,025	7,475

The accompanying financial statements and Township accounting records have been adjusted to reflect these changes.

Sound financial reporting is the responsibility of the Fiscal Officer and Trustees and is essential to ensure the information provided to the readers of the financial statements and accompanying notes in complete and accurate.

To ensure the Township's financial statements and notes to the financial 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 the Board of Trustees, to identify and correct errors and omissions, as well as recording correct budgetary information. Also, the Fiscal Officer can refer to the Ohio Township Handbook available from the following web address for guidance on the posting of transactions:  
[http://www.auditor.state.oh.us/services/lgs/publications/LocalGovernmentManualsHandbooks/ohio\\_township\\_handbook.pdf](http://www.auditor.state.oh.us/services/lgs/publications/LocalGovernmentManualsHandbooks/ohio_township_handbook.pdf).

**FINDING NUMBER 2010-002**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code, § 505.24 (C)**, sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-036. This section requires compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees' document all time spent on township business and the type of service(s) performed, in a manner similar to the trustees' paid per diem compensation.

The Fiscal Officer paid the salaries of Trustees from the Gasoline Tax and Road and Bridge funds in fiscal year 2010. While the Trustees did maintain time cards documenting their time spent on matters related to the purpose of various funds, the Fiscal Officer's allocation of the salaries was not proportionate to the actual time documented. Accordingly the following expenditures are deemed unallowable and have been adjusted in the financial statements and on the Township's accounting records to represent them as being paid from the General Fund:

<b>Fund Type/Fund</b>	<b>Function</b>	<b>2010 Amount Adjusted</b>
General Fund	General Government	\$5,492
<b>Special Revenue Fund Type:</b>		
Gasoline Tax	Public Works	(3,061)
Road and Bridge	Public Works	(2,431)

The allocation of Trustees' salaries to funds other than the General fund should be proportionate to the time documented on the monthly time cards. Failure to properly allocate Trustees' salaries charged to funds other than the General Fund results in the illegal expenditure of public monies from the Townships' other funds and will result in future findings for adjustment.

**Officials' Response:**

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

**NEW LONDON TOWNSHIP  
HURON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	ORC 5705.10(H) for not posting revenues to the correct fund.	Yes	
2008-002	ORC 5575.01 for not bidding out a road contract that exceeds \$45,000.	Yes	
2008-003	Did not post interest earned on CD's.	Yes	

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# Dave Yost • Auditor of State

**NEW LONDON TOWNSHIP**

**HURON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2012**