

TEXAS TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Texas Township
5772 Knauss Road
Sycamore, Ohio 44882

We have reviewed the *Independent Auditors' Report* of Texas Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. 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. Texas Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 17, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Texas Township
Crawford County

We have audited the accompanying financial statements of Texas Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio 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.

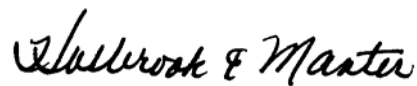
Instead of the combined funds the accompanying financial statements present for 2007 and 2006, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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, 2007 and 2006 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, 2007 and 2006, 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 Texas Township, Crawford County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 April 26, 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.



Certified Public Accountants

April 26, 2009

**TEXAS TOWNSHIP
CRAWFORD 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

| | <u>Governmental Fund Types</u> | | | <u>Total Memorandum Only</u> |
|--|--------------------------------|----------------------------|------------------|--------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| CASH RECEIPTS:- | | | | |
| Property tax and other local taxes | \$ 6,171 | \$ 2,568 | \$ 0 | \$ 8,739 |
| Intergovernmental receipts | 16,143 | 97,776 | 0 | 113,919 |
| Earnings on investments | 365 | 622 | 0 | 987 |
| Special assessments | 0 | 1,360 | 0 | 1,360 |
| Miscellaneous | 0 | 488 | 0 | 488 |
| Total cash receipts | <u>22,679</u> | <u>102,814</u> | <u>0</u> | <u>125,493</u> |
| CASH DISBURSEMENTS:- | | | | |
| Current;- | | | | |
| General government | 18,032 | 0 | 0 | 18,032 |
| Public safety | 671 | 0 | 0 | 671 |
| Public works | 635 | 152,616 | 0 | 153,251 |
| Health | 3,229 | 0 | 0 | 3,229 |
| Capital Outlay | 1,191 | 0 | 0 | 1,191 |
| Total cash disbursements | <u>23,758</u> | <u>152,616</u> | <u>0</u> | <u>176,374</u> |
| Total receipts over (under) cash disbursements | (1,079) | (49,802) | 0 | (50,881) |
| OTHER FINANCING RECEIPTS (DISBURSEMENTS):- | | | | |
| Other financing sources | 29 | 0 | 0 | 29 |
| Total other financing receipts (disbursements) | <u>29</u> | <u>0</u> | <u>0</u> | <u>29</u> |
| Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements | (1,050) | (49,802) | 0 | (50,852) |
| Fund cash balances, January 1, 2007 | <u>45,050</u> | <u>153,303</u> | <u>2,170</u> | <u>200,523</u> |
| Fund cash balances, December 31, 2007 | <u>\$ 44,000</u> | <u>\$ 103,501</u> | <u>\$ 2,170</u> | <u>\$ 149,671</u> |

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

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Governmental Fund Types</u> | | | <u>Total Memorandum Only</u> |
|--|--------------------------------|----------------------------|------------------|--------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| CASH RECEIPTS:- | | | | |
| Property tax and other local taxes | \$ 5,365 | \$ 2,231 | \$ 0 | \$ 7,596 |
| Intergovernmental receipts | 22,510 | 105,550 | 0 | 128,060 |
| Earnings on investments | 290 | 754 | 0 | 1,044 |
| Special assessments | 0 | 1,554 | 0 | 1,554 |
| Miscellaneous | 0 | 90 | 0 | 90 |
| Total cash receipts | 28,165 | 110,179 | 0 | 138,344 |
| CASH DISBURSEMENTS:- | | | | |
| Current:- | | | | |
| General government | 13,326 | 0 | 0 | 13,326 |
| Public safety | 580 | 0 | 0 | 580 |
| Public works | 534 | 39,815 | 0 | 40,349 |
| Health | 3,468 | 0 | 0 | 3,468 |
| Capital Outlay | 1,310 | 4,000 | 0 | 5,310 |
| Total cash disbursements | 19,218 | 43,815 | 0 | 63,033 |
| Total receipts over (under) cash disbursements: | 8,947 | 66,364 | 0 | 75,311 |
| OTHER FINANCING RECEIPTS (DISBURSEMENTS):- | | | | |
| Other financing sources | 188 | 0 | 0 | 188 |
| Total other financing receipts (disbursements) | 188 | 0 | 0 | 188 |
| Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements | 9,135 | 66,364 | 0 | 75,499 |
| Fund cash balances, January 1, 2006 | 35,915 | 86,939 | 2,170 | 125,024 |
| Fund cash balances, December 31, 2006 | \$ 45,050 | \$ 153,303 | \$ 2,170 | \$ 200,523 |

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

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Texas Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly - elected three member Board of Trustees. The Township provides road, bridge, and cemetery maintenance. The Township contracts with the Village of Sycamore for fire and emergency medical services.

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

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State of Ohio.

Cash - The Township maintains an interest bearing checking account.

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.

Special Revenue Funds

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

Permanent Fund - (classification for 2006 and thereafter)

During 2006, this fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, no principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund accumulates revenue for cemetery beautification.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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 Crawford 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 cash as of January 1. The Crawford County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

Property, Plant and Equipment - Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTE 2 - EQUITY IN POOLED CASH:-

The Township maintains a cash 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>2007</u> | <u>2006</u> |
|-----------------|-------------|-------------|
| Deposits | \$ 149,671 | \$ 200,523 |

Deposits - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY:-

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

2007 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|--------------------------|----------------------------|
| General | \$ 23,795 | \$ 22,708 | \$ (1,087) |
| Special Revenue | 115,485 | 102,814 | (12,671) |
| Permanent Fund | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$ <u>139,280</u> | \$ <u>125,522</u> | \$ (<u>13,758</u>) |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|--------------------------|
| General | \$ 68,845 | \$ 23,758 | \$ 45,087 |
| Special Revenue | 268,789 | 152,616 | 116,173 |
| Permanent Fund | <u>2,182</u> | <u>0</u> | <u>2,182</u> |
| Total | \$ <u>339,816</u> | \$ <u>176,374</u> | \$ <u>163,442</u> |

Contrary to Ohio law, actual receipts were less than estimated resources during 2007 in the General fund and in the Special Revenue Fund by \$1,087 and \$12,671, respectively.

The amounts with appropriation authority above were taken from the Township's accounting software, however these amounts were not sent to and certified by the Crawford County Auditor's office.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|--------------------------|-------------------------|
| General | \$ 23,000 | \$ 28,353 | \$ 5,353 |
| Special Revenue | 76,100 | 110,179 | 34,079 |
| Permanent Fund | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$ <u>99,100</u> | \$ <u>138,532</u> | \$ <u>39,432</u> |

2006 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|--------------------------|
| General | \$ 58,916 | \$ 19,218 | \$ 39,698 |
| Special Revenue | 163,041 | 43,815 | 119,226 |
| Permanent Fund | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$ <u>221,957</u> | \$ <u>63,033</u> | \$ <u>158,924</u> |

The amounts with appropriation authority above were taken from the Township's accounting software, however these amounts were not sent to and certified by the Crawford County Auditor's office.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 Crawford 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.

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 Union 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.

NOTE 5 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Township contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Township has paid all contributions required through December 31, 2007.

NOTE 6 - RISK POOL MANAGEMENT:-

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees 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 Entity 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.

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 \$500,000,000 per occurrence.

**TEXAS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 6 - RISK POOL MANAGEMENT:- (continued)

Property Coverage (continued)

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 value. If the stop-loss is reached by payment of losses between \$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 township.

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) are represented to conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2007 and 2006:

| | <u>2007</u> | | <u>2006</u> |
|-------------|----------------------|-----------|--------------------|
| Assets | \$ 43,210,703 | \$ | 42,042,275 |
| Liabilities | <u>(13,357,837)</u> | <u>(</u> | <u>12,120,661)</u> |
| Net Assets | <u>\$ 29,852,866</u> | <u>\$</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 filled to approximately 950 member governments in the further as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from embers when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,542. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

| <u>Contributions to OTARMA</u> | | |
|--------------------------------|----|-------|
| 2005 | \$ | 2,746 |
| 2006 | | 2,754 |
| 2007 | \$ | 2,210 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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 not other future obligation tot e 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.



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees
Texas Township
Crawford County

We have audited the accompanying financial statements of Texas Township, Crawford County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 26, 2009, wherein we noted the Township had followed accounting practices the Auditor of State of Ohio 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Texas Township's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Texas 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 the normal course of 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.

We consider the deficiencies described in the accompanying schedule of findings as items 2007-001 and 2007-002 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting as described above that we consider material weaknesses.

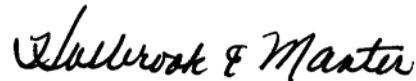
We also noted certain internal control matters that we reported to the Township's management in a separate letter dated April 26, 2009.

Compliance and Other Matters

As part of reasonably assuring whether Texas Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-003.

Texas Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Texas Township's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

April 26, 2009

**TEXAS TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

| | |
|-----------------------|-----------------|
| Finding Number | 2007-001 |
|-----------------------|-----------------|

Significant Deficiency - Internal Control and Review Procedures

Although the Trustees' receive and review a select number of reports from the Fiscal Officer of the Township for approval on a bi-monthly basis, the Township has not established formal procedures for sign-offs of procedures performed. During our testing and analysis, we noted that the Trustees are not formally reviewing the numerical check sequence prior to signing the checks. We also recommend that the Trustees specifically match each electronic bill pay payment from the bank statement to supporting documentation each month.

The Township should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the trustees' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.

Officials' Response

The Fiscal Officer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The Township will also document and approve the review of those reports and the numerical sequence of the checks within the monthly minutes.

| | |
|-----------------------|-----------------|
| Finding Number | 2007-002 |
|-----------------------|-----------------|

Significant Deficiency - Record Retention

During our examination and testing of revenue and expenditures, we noted that the Township could not locate a whole month of invoices, receipts or other adequate support for August 2007. Adequate documentation is a key element of an internal control system; this condition limits the control and accountability over the Township's revenue and expenditures and allows for the possibility of an improper deposit or payment to occur. However, during our audit, we were able to perform alternative procedures for this month. We advise that receipts and invoices for all revenue and expenditures be retained to support the proper deposit and proper public purpose of any payment.

Officials' Response

The Fiscal Officer will maintain these documents on file once the Trustees have reviewed and approved them at each months meeting.

**TEXAS TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

| | |
|-----------------------|-----------------|
| Finding Number | 2007-003 |
|-----------------------|-----------------|

Non-Compliance - Annual Appropriation Resolution

Ohio Revised Code, Section 5705.41 (C), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. In addition, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During compliance testing, it was noted that the appropriations set by the Township were never sent to the county auditor to be certified. This condition limits the effectiveness of the Township compliance and budgetary controls and may result in overspending of the available funds. To prevent this from occurring, we recommend the Fiscal Officer sent appropriations to the County Auditor for certification once the Trustees approve the resolution and anytime the Fiscal Officer prepares an amendment to the original appropriation of expenditures.

Officials' Response

The Fiscal Officer will send appropriations to the County Auditor for certification once the Trustees approve the resolution and anytime the Fiscal Officer prepares an amendment to the original appropriation of expenditures.



Mary Taylor, CPA
Auditor of State

TEXAS TOWNSHIP

CRAWFORD 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 30, 2009**