

LYKENS TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Lykens Township
7695 Kennedy Road
Bloomville, Ohio 44818

We have reviewed the *Independent Auditors' Report* of Lykens Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. 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. Lykens Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 5, 2010

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TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements.....	7-13
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14-15
Schedule of Findings.....	16
Schedule of Prior Year Audit Findings.....	17



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lykens Township
Crawford County

We have audited the accompanying financial statements of Lykens Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 2009 and 2008, GAAP requires 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 the GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, townships 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of Lykens Township, Crawford County, as of December 31, 2009 and 2008, 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 June 14, 2010 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.

A handwritten signature in black ink that reads "Muller & Manton". The script is cursive and elegant.

Certified Public Accountants

June 14, 2010

**LYKENS 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, 2009

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:-			
Property tax and other local taxes	\$ 21,960	\$ 0	\$ 21,960
Licenses, permits, and fees	300	0	300
Intergovernmental receipts	46,640	94,090	140,730
Earnings on investments	43	265	308
Miscellaneous	<u>1,352</u>	<u>0</u>	<u>1,352</u>
Total cash receipts	70,295	94,355	164,650
CASH DISBURSEMENTS:-			
Current:-			
General government	36,304	0	36,304
Public safety	3,905	0	3,905
Public works	0	72,389	72,389
Health	4,165	0	4,165
Capital outlay	0	2,900	2,900
Debt service:			
Redemption of principal	0	13,063	13,063
Interest and other fiscal charges	<u>0</u>	<u>1,584</u>	<u>1,584</u>
Total cash disbursements	<u>44,374</u>	<u>89,936</u>	<u>134,310</u>
Total receipts over (under) cash disbursements	25,921	4,419	30,340
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Sale of fixed assets	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing receipts (disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing sources	25,921	4,419	30,340
Fund cash balances, January 1, 2009	<u>3,612</u>	<u>92,579</u>	<u>96,191</u>
Fund cash balances, December 31, 2009	<u>\$ 29,533</u>	<u>\$ 96,998</u>	<u>\$ 126,531</u>
Reserve for encumbrances, December 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

LYKENS 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, 2008

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:-			
Property tax and other local taxes	\$ 11,037	\$ 10,944	\$ 21,981
Intergovernmental receipts	26,011	113,183	139,194
Earnings on investments	278	1,696	1,974
Miscellaneous	5,297	4,481	9,778
Total cash receipts	<u>42,623</u>	<u>130,304</u>	<u>172,927</u>
CASH DISBURSEMENTS:-			
Current:-			
General government	49,043	0	49,043
Public safety	9,388	0	9,388
Public works	0	137,946	137,946
Health	3,844	0	3,844
Capital outlay	0	58,305	58,305
Total cash disbursements	<u>62,275</u>	<u>196,251</u>	<u>258,526</u>
Total receipts over (under) cash disbursements	(19,652)	(65,947)	(85,599)
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Sale of notes	0	40,650	40,650
Sale of fixed assets	132	550	682
Total other financing receipts (disbursements)	<u>132</u>	<u>41,200</u>	<u>41,332</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing sources	(19,520)	(24,747)	(44,267)
Fund cash balances, January 1, 2008	<u>23,132</u>	<u>117,326</u>	<u>140,458</u>
Fund cash balances, December 31, 2008	<u>\$ 3,612</u>	<u>\$ 92,579</u>	<u>\$ 96,191</u>
Reserve for encumbrances, December 31, 2008	<u>\$ 395</u>	<u>\$ 40</u>	<u>\$ 435</u>

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

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Lykens 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 general government services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Central Joint Ambulance Township to provide ambulance 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 and Investments - The Township maintains an interest bearing checking account.

The investment in Star Ohio (the State Treasurer's investment pool) is recorded at share values reported by the State Treasurer. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses are recorded as receipts or disbursements at the time of the respective sale.

Fund Accounting - The Township uses fund accounting to segregate cash that is 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 to be accounted for in another fund.

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:

Gasoline Tax Fund

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

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 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.

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances at year-end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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, 2009 and 2008 was as follows:

		<u>2009</u>		<u>2008</u>
Demand deposits	\$	87,609	\$	56,377
StarOhio		<u>38,922</u>		<u>39,814</u>
Total deposits	\$	<u><u>126,531</u></u>	\$	<u><u>96,191</u></u>

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.

LYKENS TOWNSHIP
CRAWFORD COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 71,525	\$ 70,295	\$ (1,230)
Special Revenue	<u>103,400</u>	<u>94,355</u>	<u>(9,045)</u>
Total	\$ <u>174,925</u>	\$ <u>164,650</u>	\$ <u>(10,275)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 46,038	\$ 44,374	\$ 1,664
Special Revenue	<u>181,916</u>	<u>89,936</u>	<u>91,980</u>
Total	\$ <u>227,954</u>	\$ <u>134,310</u>	\$ <u>93,644</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the General fund and Special Revenue Funds by \$1,230 and \$9,045, respectively.

LYKENS TOWNSHIP
CRAWFORD COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY:-

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

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 35,058	\$ 42,623	\$ 7,565
Special Revenue	<u>167,967</u>	<u>171,504</u>	<u>3,537</u>
Total	\$ <u>203,025</u>	\$ <u>214,127</u>	\$ <u>11,102</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 54,385	\$ 62,670	\$ (8,285)
Special Revenue	<u>228,183</u>	<u>196,291</u>	<u>31,892</u>
Total	\$ <u>282,568</u>	\$ <u>258,961</u>	\$ <u>23,607</u>

Contrary to Ohio law, during 2008, the budgetary expenditures exceeded the appropriation authority in the general fund by \$8,285.

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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 Crawford 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.

Tangible personal property is being phased out.

NOTE 5 -DEBT:-

During 2008, the Township entered into a loan agreement with United Bank for the purpose of providing funds to acquire a tractor/mower. The total amount of the loan was \$40,650 and has an interest rate of 4.10%. Three equal payments of \$14,647, including principal and interest, will be made with the first payment being made in June 2009 and the final payment to be made in June 2011. The outstanding balance on this loan at December 31, 2009 is \$27,587.

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

<u>Year Ending December 31</u>	<u>United Bank Loan Principal</u>	<u>United Bank Loan Interest</u>	<u>United Bank Loan Total</u>
2010	\$ 13,516	\$ 1,131	\$ 14,647
2011	<u>14,071</u>	<u>577</u>	<u>14,648</u>
Total	<u>\$ 27,587</u>	<u>\$ 1,708</u>	<u>\$ 29,295</u>

NOTE 6 - RETIREMENT SYSTEMS:-

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The Township has paid all contributions required through December 31, 2009.

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 7 - 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 and Property Coverage –

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	2008	2007	
Assets	\$ 40,737,740	\$ 43,210,703	
Liabilities	(12,981,818)	(13,357,837)	
Net Assets	\$ 27,755,922	\$ 29,852,866	

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be filled to approximately 950 member governments in the future as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,925.

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.

Contributions to OTARMA		
2007	\$	7,199
2008	\$	6,909
2009	\$	5,727

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 7 - RISK POOL MANAGEMENT:- (continued)

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

NOTE 8 - SUBSEQUENT EVENT:-

Subsequent to year end, the Township passed a 3 year, 1 ½ mill, general operations levy to help increase the revenue in the general fund to cover the general operations expenses.



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

Board of Trustees
Lykens Township
Crawford County

We have audited the financial statements of the Lykens Township, Crawford County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 14, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Lykens 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 for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lykens 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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

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 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 a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we considered to be significant deficiency in internal control over financial reporting as item 2009-002. 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.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 14, 2010.

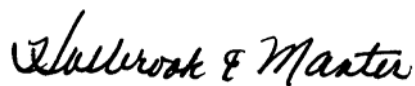
Compliance and Other Matters

As part of reasonably assuring whether Lykens Township's financial statements are free of material misstatement, we tested 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 that is required to be reported under *Government Auditing Standards*, which is discussed in the Schedule of Findings as item 2009-001.

We also noted certain noncompliance or other matters that we reported to the Government's management in a separate letter dated June 14, 2010.

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

We intended this report 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

June 14, 2010

**LYKENS TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Finding Number	2009-001
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Noncompliance Citation – Amending Certificates of Estimated Resources

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the Clerk that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Township did not amend estimated resources as outlined above. We recommend that the Clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

Officials’ Response

The current Township Fiscal Officer is reviewing the Township’s current policies and procedures regarding the monitoring of the appropriations and estimated resources to prevent this condition from occurring in the future. The Fiscal Officer will also implement a procedure to obtain approval by submitting the amended appropriations or estimated resources with the County as required.

Finding Number	2009-002
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Significant Deficiency – Fire Department Grants

During our testing and analysis of the Township’s revenue, it was determined that the Township’s Volunteer Fire Organization applied for grants under the Township’s legal name and were awarded these grants from the state fire marshal. These grants were only available to be awarded to a governmental entity. The Township’s fiscal officer was not aware that the Fire Chief was applying for these grants until after they had received the funds. The Township’s Volunteer Fire Organization is a stand alone entity and is not a component unit of the Township; however, since these monies were applied for in the Township name, the amounts needed to be grossed up on the Township’s financial statements as Grant Revenue and Public Safety Expense.

We recommend that the Fire Department get formal permission at a board meeting from the Trustees before applying for a grant under the Township’s name. Also, a copy of all the paper work should be on file with the Township and with the Fire Department. These amounts should continue to be grossed up on the Township’s books as long as the Department is applying for them in their name. The documentation for the expenses should also be maintained by both the Township and the Fire Department and should be reviewed to ensure that the expenses were in compliance with the grant agreement.

Officials’ Response

Now that the Township is aware of the Fire Department receiving grants they will follow the above procedures to ensure the grants are being recorded properly and that they are being spent in accordance with the grant agreements.

**LYKENS TOWNSHIP
CRAWFORD COUNTY**
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency - Internal Control and Review Procedures	Yes	Finding No Longer Valid.
2007-002	ORC 5705.41 (C) and 5705.41 (D) - Expenditures Exceed Appropriations.	Yes	Finding No Longer Valid.
2007-003	ORC 5705.36 - Amending Certificates of Estimated Resources.	No	Reissued as finding 2009-001.



Mary Taylor, CPA
Auditor of State

LYKENS 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
AUGUST 19, 2010**