



Dave Yost • Auditor of State

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

Blendon Township
Franklin County
6330 Hempstead Road
Westerville, Ohio 43081

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 Township 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 3, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Blendon Township
Franklin County
6330 Hempstead Road
Westerville, Ohio 43081

To the Board of Trustees:

We have audited the accompanying financial statements of Blendon Township, Franklin 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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.

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 Blendon Township, Franklin County, 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 June 3, 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 audit.



Dave Yost
Auditor of State

June 3, 2011

**BLENDON TOWNSHIP
FRANKLIN 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**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Fund</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 86,214	\$ 2,717,867	\$ 34,047	\$ -	\$ 2,838,128
Charges for Services	85,841	-	-	-	85,841
Licenses, Permits, and Fees	-	114,166	-	-	114,166
Fines and Forfeitures	61,566	-	-	-	61,566
Intergovernmental	442,044	476,680	4,259	-	922,983
Special Assessments	-	37,607	-	-	37,607
Earnings on Investments	22,645	2,058	-	4	24,707
Miscellaneous	27,657	281,123	-	-	308,780
	<u>725,967</u>	<u>3,629,501</u>	<u>38,306</u>	<u>4</u>	<u>4,393,778</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	359,314	-	439	22	359,775
Public Safety	23,074	2,872,148	-	-	2,895,222
Public Works	-	632,803	-	-	632,803
Health	36,071	132,698	-	-	168,769
Human Services	210,582	-	-	-	210,582
Capital Outlay	205,989	248,577	-	-	454,566
Debt Service:					
Redemption of Principal	-	-	17,500	-	17,500
Interest and Other Fiscal Charges	-	-	14,272	-	14,272
	<u>835,030</u>	<u>3,886,226</u>	<u>32,211</u>	<u>22</u>	<u>4,753,489</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(109,063)</u>	<u>(256,725)</u>	<u>6,095</u>	<u>(18)</u>	<u>(359,711)</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	-	350,000	-	-	350,000
Transfers-Out	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(350,000)</u>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements					
	(459,063)	93,275	6,095	(18)	(359,711)
Fund Cash Balances, January 1	<u>3,564,151</u>	<u>2,223,881</u>	<u>13,645</u>	<u>7,528</u>	<u>5,809,205</u>
Fund Cash Balances, December 31	<u>\$ 3,105,088</u>	<u>\$ 2,317,156</u>	<u>\$ 19,740</u>	<u>\$ 7,510</u>	<u>\$ 5,449,494</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 199,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,578</u>

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

**BLENDON TOWNSHIP
FRANKLIN 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent Fund	
Cash Receipts:					
Property and Other Local Taxes	\$ 83,450	\$ 2,722,998	\$ 36,087	\$ -	\$ 2,842,535
Charges for Services	51,988	-	-	-	51,988
Licenses, Permits, and Fees	-	91,423	-	-	91,423
Fines and Forfeitures	85,361	-	-	-	85,361
Intergovernmental	573,848	417,061	4,235	-	995,144
Special Assessments	-	37,937	-	-	37,937
Earnings on Investments	98,588	3,855	-	8	102,451
Miscellaneous	8,862	155,767	-	-	164,629
Total Cash Receipts	902,097	3,429,041	40,322	8	4,371,468
Cash Disbursements:					
Current:					
General Government	347,235	-	452	400	348,087
Public Safety	46,935	2,710,097	-	-	2,757,032
Public Works	-	425,389	-	-	425,389
Health	35,756	127,152	-	-	162,908
Human Services	172,222	-	-	-	172,222
Capital Outlay	231,162	41,456	-	-	272,618
Debt Service:					
Redemption of Principal	-	-	17,300	-	17,300
Interest and Other Fiscal Charges	-	-	14,363	-	14,363
Total Cash Disbursements	833,310	3,304,094	32,115	400	4,169,919
Total Receipts Over/(Under) Disbursements	68,787	124,947	8,207	(392)	201,549
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	35,389	-	-	-	35,389
Transfers-In	-	300,000	-	-	300,000
Transfers-Out	(300,000)	-	-	-	(300,000)
Total Other Financing Receipts / (Disbursements)	(264,611)	300,000	-	-	35,389
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(195,824)	424,947	8,207	(392)	236,938
Fund Cash Balances, January 1	3,759,975	1,798,934	5,438	7,920	5,572,267
Fund Cash Balances, December 31	\$ 3,564,151	\$ 2,223,881	\$ 13,645	\$ 7,528	\$ 5,809,205
Reserve for Encumbrances, December 31		\$ 80,618			\$ 80,618

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

**BLENDON TOWNSHIP
FRANKLIN 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 Blendon Township, Franklin 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, police protection and cemetery maintenance. The Township contracts with the City of Westerville to provide fire services and ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 8 to the financial statements provides additional information for these entities.

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.

Money market mutual funds are recorded at share values the mutual funds report. Repurchase agreements are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Police District Fund - This fund receives property tax money for providing police services.

Fire District Fund - This fund receives property tax money to pay for fire protection services.

3. Debt Service Fund

This fund accounts for tax monies the Township accumulates for payment to the City of the Westerville for the Township's portion of the new fire station.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 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.

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$1,424,042	\$1,796,924
Total deposits	1,424,042	1,796,924
Money Market	63,453	67,043
Repurchase agreement	3,961,999	3,945,238
Total investments	4,025,452	4,012,281
Total deposits and investments	\$5,449,494	\$5,809,205

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

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	\$826,515	\$725,967	(\$100,548)
Special Revenue	4,453,360	3,979,501	(473,859)
Debt Service	38,239	38,306	67
Permanent	30	4	(26)
Total	\$5,318,144	\$4,743,778	(\$574,366)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,724,250	\$1,185,030	\$539,220
Special Revenue	4,570,500	4,085,804	484,696
Debt Service	32,800	32,211	589
Permanent	400	22	378
Total	\$6,327,950	\$5,303,067	\$1,024,883

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$855,200	\$937,486	\$82,286
Special Revenue	3,838,715	3,729,041	(109,674)
Debt Service	39,800	40,322	522
Permanent	30	8	(22)
Total	\$4,733,745	\$4,706,857	(\$26,888)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,499,750	\$1,133,310	\$366,440
Special Revenue	4,090,788	3,384,712	706,076
Debt Service	32,800	32,115	685
Permanent	400	400	0
Total	\$5,623,738	\$4,550,537	\$1,073,201

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
City of Westerville	\$308,600	5.5%

The Township levied tax monies to be remitted to the City of Westerville as the Township's portion of the fire station improvements. The Township receives tax monies which are then remitted to the City of Westerville as principal and interest payments recorded in the Debt Service Fund. The payments are due in semi-annual installments of varying amounts through 2023.

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

Year ending December 31:	Principal	Interest
2011	\$18,400	\$13,242
2012	19,000	12,618
2013	20,000	11,856
2014	20,600	11,107
2015	21,700	10,281
2016-2020	121,800	36,878
2021 -2023	87,100	8,213
Total	\$308,600	\$104,195

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, PERS-Law Enforcement participants contributed 10.10% and 11.10%, respectively, of their wages. For 2010 and 2009, the Township contributed to PERS-Law Enforcement an amount equal to 17.63% and 17.87%, respectively, of full-time police members' wages. 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.

7. Risk 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008 (the latest information available):

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

7. Risk Management (Continued)

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$31,281

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>		
<u>2010</u>	<u>2009</u>	<u>2008</u>
\$29,235	\$24,423	\$25,253

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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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

Blendon Township
Franklin County
6330 Hempstead Road
Westerville, Ohio 43081

To the Board of Trustees:

We have audited the financial statements of Blendon Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 3, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-001 to be a significant deficiency. 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 audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 3, 2011.

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

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



Dave Yost
Auditor of State

June 3, 2011

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Financial Statement Adjustments - Significant Deficiency

Sound financial reporting is the responsibility of the Township Clerk and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were posted to the December 31, 2010 and 2009 financial statements.

- In fiscal year 2010 and 2009, six cash and reclassification adjustments ranging from \$8,837 to \$53,619 were related to federal grant activity. The net effect of the adjustments required between funds resulted in cash owed to the Road fund (\$16,083) and the General fund (\$18,196) from the FEMA fund for work done on behalf of the federal FEMA fund in calendar year 2008. The Township posted these adjustments to their accounting records in 2011.
- For fiscal year 2010 and 2009, there were seven receipt reclassification adjustments ranging from \$17,388 to \$254,700 due to inaccurate posting and subsequent reporting of tax, intergovernmental, miscellaneous, and fine revenue in the Debt Service, General, and Cemetery Funds.
- For fiscal year 2010 and 2009, there were two receipt and expenditure cash adjustments to the Cemetery Bequest fund ranging from \$8 to \$400 due to prior audits and current non-postings of revenue and expenditures activity. The net effect of all non-posted activity resulted in a cash adjustment of \$330 to reflect an accurate and current reconciled Cemetery Bequest cash balance. The Township posted this adjustment to their accounting records in 2011.

The following misstatements were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2010 and 2009 financial statements.

- The timing of interest posting in the General Fund from fiscal year 2009 caused a net overstatement of Interest Revenue of \$12,771. There was an understatement of interest revenue of \$11,566 in fiscal year 2010. These unadjusted differences were due to timing of final cash reconciliation.

These errors indicate there is a lack of management oversight and / or a failure to adopt effective review procedures for the activity recorded to the accounting records and subsequently reported on the financial statements.

The differences identified above should be reviewed by the Township Clerk to ensure that similar errors are not reported on financial statements in subsequent years. In addition, we recommend the Township adopt procedures for the review of the activity posted to the accounting records and annual financial statements.

**BLENDON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2010-01 (Continued)

Financial Statement Adjustment Client Response:

Exception is made as to the description given for many of the "reclassification" adjustments. It should be noted that the original "postings" of the cash receipts were **not** incorrect, but the respective classification errors occurred when the yearend Financial Statement was compiled by the Township's software. As an example, the cemetery receipts for plots and mausoleum sales (2010 total of \$254,700) were recorded to the correct account and fund, but were incorrectly classified in the compiling of the financial statement. It should be further noted that none of these entries resulted in an error to cash, or to the respective fund balance.

The Township's software will be corrected to avoid this problem in the future.

As to the timing of interest adjustments, the Township needs to close the year end books before the final month's interest amounts are known; therefore, this interest is not posted until the following year. This cannot be corrected, but is not a material problem, since there is consistently twelve months of interest posted in a fiscal year.



Dave Yost • Auditor of State

BLENDON TOWNSHIP

FRANKLIN 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
JULY 05, 2011**