



Mary Taylor, CPA  
Auditor of State



MASON TOWNSHIP  
LAWRENCE COUNTY

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Mary Taylor, CPA  
Auditor of State

Mason Township  
Lawrence County  
446 Township Road 209  
Willow Wood, Ohio 45696

To the Board of Trustees:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

November 24, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mason Township  
Lawrence County  
446 Township Road 209  
Willow Wood, Ohio 45696

To the Board of Trustees:

We have audited the accompanying financial statements of Mason Township, Lawrence 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 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 fourth following paragraph.

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Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
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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.

During the prior audit, the Township improperly paid salaries and fringe benefits for the Board of Trustees from the Gasoline Tax Fund in the amount of \$57,347 that should have been paid from the General Fund. Due to the impact this adjustment would have on the General Fund, the Township declined to make this adjustment during this audit period.

Had the posting errors noted in the preceding paragraph been properly posted to the financial statements and the accounting system, the General Fund cash fund balance as of January 1, 2008 would have been decreased by \$57,347, and the Gasoline Tax Fund cash fund balance as of January 1, 2008 would have increased by \$57,347.

Because of the effect of the matter the preceding two paragraphs describe, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Mason Township, Lawrence County, Ohio as of December 31, 2009 and 2008, 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 November 24, 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.



**Mary Taylor, CPA**  
Auditor of State

November 24, 2010



**MASON TOWNSHIP  
LAWRENCE COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$7,965	\$3,673	\$11,638
Intergovernmental	17,466	98,113	115,579
Miscellaneous	945	56	1,001
	<u>26,376</u>	<u>101,842</u>	<u>128,218</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	25,385	929	26,314
Public Safety	2,800		2,800
Public Works		63,214	63,214
Capital Outlay		7,631	7,631
Debt Service:			
Redemption of Principal		11,031	11,031
Interest and Other Fiscal Charges		1,830	1,830
	<u>28,185</u>	<u>84,635</u>	<u>112,820</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,809)	17,207	15,398
Fund Cash Balances, January 1	<u>4,091</u>	<u>23,304</u>	<u>27,395</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$2,282</u></u></b>	<b><u><u>\$40,511</u></u></b>	<b><u><u>\$42,793</u></u></b>

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

**MASON TOWNSHIP  
LAWRENCE 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$8,619	\$3,674	\$12,293
Intergovernmental	17,377	104,676	122,053
Miscellaneous	696	3,910	4,606
	<u>26,692</u>	<u>112,260</u>	<u>138,952</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	26,248	898	27,146
Public Safety	2,800		2,800
Public Works		102,139	102,139
Debt Service:			
Redemption of Principal		10,481	10,481
Interest and Other Fiscal Charges		2,380	2,380
	<u>29,048</u>	<u>115,898</u>	<u>144,946</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,356)	(3,638)	(5,994)
Fund Cash Balances, January 1	<u>6,447</u>	<u>26,942</u>	<u>33,389</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,091</u></b>	<b><u>\$23,304</u></b>	<b><u>\$27,395</u></b>

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

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Mason Township, Lawrence County (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Windsor and Aid Township Volunteer Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for 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 Fund:

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

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Equity in Pooled Deposits**

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

	2009	2008
Demand deposits	<u>\$42,793</u>	<u>\$27,395</u>

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

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,797	\$26,376	(\$5,421)
Special Revenue	134,165	101,842	(32,323)
Total	\$165,962	\$128,218	(\$37,744)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,297	\$28,185	\$3,112
Special Revenue	134,165	84,635	49,530
Total	\$165,462	\$112,820	\$52,642

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,776	\$26,692	(\$4,084)
Special Revenue	138,702	112,260	(26,442)
Total	\$169,478	\$138,952	(\$30,526)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,776	\$29,048	\$1,728
Special Revenue	138,702	115,898	22,804
Total	\$169,478	\$144,946	\$24,532

Contrary to Ohio law, budgetary appropriation authorities exceeded actual available resources in the Motor Vehicle License, Gasoline Tax, and Road & Bridge Funds by \$442, \$9,563, and \$313, respectively, for the year ended December 31, 2009. Also, in contrary to Ohio law, budgetary appropriation authorities exceeded actual available resources in the Motor Vehicle License and Gasoline Tax Funds by \$346 and \$642, respectively, for year ended December 31, 2008.

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(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. Leases**

Lease outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tractor Lease	\$23,830	5.25%

The Township entered into a lease/purchase agreement with Kansas State Bank on April 14, 2006 for the lease of a tractor. The Township is scheduled to make annual payments in the amount of \$12,861.30, which includes interest, through April 14, 2011 at which time the Township will own the tractor.

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

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$11,610	\$1,251	\$12,861
2011	12,220	641	12,861
Total	\$23,830	\$1,892	\$25,722

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management**

**Risk Pool Membership**

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:

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

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

At December 31, 2009 and 2008, respectively, 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 \$5,000.

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.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2009</u></b>	<b><u>2008</u></b>
\$1,757	\$2,030

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.





# Mary Taylor, CPA

Auditor of State

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

Mason Township  
Lawrence County  
446 Township Road 209  
Willow Wood, Ohio 45696

To the Board of Trustees:

We have audited the financial statements of Mason Township, Lawrence County, Ohio (the Township), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated November 24, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also issued an adverse opinion on the 2009 and 2008 financial statements of the General and Special Revenue Funds due to the Township declining to adjust their January 1, 2008 fund cash balances. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness

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 misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-02 described in the accompanying Schedule of Findings of to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 24, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

November 24, 2010

MASON TOWNSHIP  
LAWRENCE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

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.

On December 31, 2009, appropriations exceeded actual resources as follows:

Motor Vehicle License	\$	19,462	\$	19,904	\$	(442)
Gasoline Tax		96,720		106,283		(9,563)
Road and Bridge		7,565		7,878		(313)

On December 31, 2008, appropriations exceeded actual resources as follows:

<u>Fund</u>		<u>Actual Resources</u>		<u>Appropriations</u>		<u>Variance</u>
Motor Vehicle License	\$	15,835	\$	16,181	\$	(346)
Gasoline Tax		115,451		116,093		(642)

This could result in overspending if not properly monitored.

We recommend the Fiscal Officer monitor estimated and actual resources. When it is apparent that actual receipts will fall short of budgetary estimates and appropriations are greater than estimated resources, the Board of Trustees should obtain a reduced amended certificate from the County Budget Commission. We further recommend the Board of Trustees make corresponding reductions in appropriations.

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-002**

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The financial statements included the following errors requiring adjustment or reclassification:

In 2009, the Township posted:

- Various receipts in the General Fund totaling \$945 were posted to the other financing sources instead of miscellaneous line item;
- Intergovernmental monies in the General Fund totaling \$483 were posted to the taxes line item;
- A Motor Vehicle License receipt of \$367 was posted to the General Fund instead of posting to the Motor Vehicle License Fund.

In 2008, the Township posted:

- Interest payments made for a tractor of \$2,380 were posted entirely to principal instead of interest in the Gasoline Tax Fund;
- Fire protection services of \$1,400 was charged to the Road & Bridge Fund instead of the General Fund;
- Tax monies in the General Fund totaling \$168 were posted to the intergovernmental line item instead of the taxes line item;
- Various receipts in the General Fund totaling \$386 were posted to the other financing sources instead of miscellaneous line item.

During the prior audit, the Township improperly paid salaries and fringe benefits for the Board of Trustees from the Gasoline Tax fund in the amount of \$57,347 that should have been paid from the General Fund. Due to the impact this adjustment would have on the General Fund, the Township declined to make this adjustment during this audit period.

To ensure complete and accurate financial statements and notes to the financial statements, we recommend the Township adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer or Board of Trustees.

**Official's Response:**

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

**MASON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
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; <b><i>Explain</i></b>
2007-001	Ohio Revised Code Section 505.601 – Insurance Reimbursement	Yes	Corrected
2007-002	Ohio Revised Code Section 505.24 (C) – Trustee Salaries	No	Finding for Adjustment of \$48,893 not corrected from prior year
2007-003	Ohio Revised Code Section 505.24 (C) – Trustee Benefits	No	Finding for Adjustment of \$8,454 not corrected from prior year
2007-004	Ohio Revised Code Section 5705.39 – Appropriations exceeded Estimated Resources	Yes	Corrected

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**Mary Taylor, CPA**  
Auditor of State

**MASON TOWNSHIP**

**LAWRENCE 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  
DECEMBER 9, 2010**