



Mary Taylor, CPA  
Auditor of State

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WASHINGTON TOWNSHIP  
HARRISON COUNTY

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Mary Taylor, CPA  
Auditor of State

Washington Township  
Harrison County  
P.O. Box 45  
Tippecanoe, Ohio 44699

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

August 4, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington Township  
Harrison County  
P.O. Box 45  
Tippecanoe, Ohio 44699

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Harrison County, (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 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.

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056 require trustees to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2009 and 2008, the Township charged Trustees' salaries, related taxes and retirement (OPERS) to the Gasoline Tax and Motor Vehicle License Tax Funds without the required supportive documentation.

In addition, findings for adjustments made in the prior audit period for noncompliance with Ohio Revised Code Section 505.24(C) were not recorded in the financial statements or to the accounting system.

The adjustment required to record these salaries and related taxes and OPERS in the General Fund, the Gasoline Tax Fund and the Motor Vehicle License Fund for the current audit period follows:

	General Fund	Gasoline Tax Fund	Motor Vehicle License Fund
January 1, 2008 fund balance over (under)statement	\$42,432	(\$35,420)	(\$7,012)
2008 disbursements over (under)statement	10,998	(10,998)	
December 31, 2008 fund balance over (under)statement	53,430	(46,418)	(\$7,012)
2009 disbursements over (under)statement	<u>16,864</u>	<u>(16,864)</u>	
December 31, 2009 fund balance over (under)statement	<u>\$70,294</u>	<u>(\$63,282)</u>	<u>(\$7,012)</u>

Also, in our opinion, because of the effects of the matter referred to in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Washington Township, Harrison County, 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 August 4, 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

August 4, 2010



**WASHINGTON TOWNSHIP  
HARRISON 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	\$9,597	\$20,012	\$29,609
Intergovernmental	30,016	100,027	130,043
Earnings on Investments	36	25	61
Miscellaneous	929		929
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,578	120,064	160,642
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	33,452		33,452
Public Safety	120	14,535	14,655
Public Works	2,471	92,587	95,058
Health	5,156		5,156
Debt Service:			
Redemption of Principal		6,250	6,250
Interest and Other Fiscal Charges		1,093	1,093
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,199	114,465	155,664
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(621)	5,599	4,978
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Other Financing Sources	283	1,170	1,453
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	283	1,170	1,453
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(338)	6,769	6,431
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	31,352	39,431	70,783
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$31,014</b>	<b>\$46,200</b>	<b>\$77,214</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**WASHINGTON TOWNSHIP  
HARRISON 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	\$8,589	\$19,599	\$28,188
Intergovernmental	62,503	102,744	165,247
Earnings on Investments	17	38	55
Miscellaneous		191	191
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	71,109	122,572	193,681
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	30,410		30,410
Public Safety	120	14,085	14,205
Public Works	1,789	115,163	116,952
Health	572		572
Debt Service:			
Redemption of Principal		6,734	6,734
Interest and Other Fiscal Charges		1,096	1,096
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	32,891	137,078	169,969
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	38,218	(14,506)	23,712
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In		12,399	12,399
Transfers-Out	(12,399)		(12,399)
Other Financing Sources	255	505	760
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(12,144)	12,904	760
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	26,074	(1,602)	24,472
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	5,278	41,033	46,311
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$31,352</b>	<b>\$39,431</b>	<b>\$70,783</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**WASHINGTON TOWNSHIP  
HARRISON 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 the Washington Township, Harrison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government and road and bridge maintenance. The Township contracts with Washington Township Volunteer Fire Department to provide fire and ambulance services.

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 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.

**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.

**D. Budgetary Process**

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

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

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

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

**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. The Township did not encumber all commitments required by Ohio law.

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 CASH**

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

	2008	2009
Demand deposits	\$70,783	\$77,214

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

**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	\$72,214	\$40,861	(\$31,353)
Special Revenue	160,665	121,234	(39,431)
Total	\$232,879	\$162,095	(\$70,784)

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

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

**3. BUDGETARY ACTIVITY - (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,961	\$41,199	\$9,762
Special Revenue	140,241	114,465	25,776
Total	\$191,202	\$155,664	\$35,538

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,642	\$71,364	(\$5,278)
Special Revenue	176,004	135,476	(40,528)
Total	\$252,646	\$206,840	(\$45,806)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,332	\$45,290	(\$1,958)
Special Revenue	153,487	137,078	16,409
Total	\$196,819	\$182,368	\$14,451

Contrary to Ohio Revised Code Section 5705.39 in 2008, appropriations exceeded estimated resources in the General, Gas Tax and Road and Bridge Fund by \$17,409, \$10,000 and \$14,220 respectively. In 2009, appropriations exceeded estimated resources in the Gas Tax fund by \$10,000. Also, contrary to Ohio Revised Code Section 5705.41(B), in 2008, budgetary expenditures exceeded appropriation authority in the General and Gas Tax Fund by \$1,958 and \$8,930 respectively. Finally, contrary to Ohio Revised Code Section 5705.41(D) the Township did not certify the amount against the applicable appropriation accounts for all expenditures.

**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.

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.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

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

**4. PROPERTY TAX - (Continued)**

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, 2009 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
General Obligation Notes	\$12,500	5.75%

The Township issued general obligation notes to finance the purchase of a new grader for Township road maintenance. The Township's taxing authority collateralized the notes.

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

Year ending December 31:	General Obligation Notes
2010	<u>6,968</u>
2011	<u>6,610</u>
Total	<u><u>\$13,578</u></u>

**6. RETIREMENT SYSTEMS**

The Township's 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 2008 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, 2009.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# 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*

Washington Township  
Harrison County  
P.O. Box 45  
Tippecanoe, Ohio 44699

To the Township Board of Trustees:

We have audited the financial statements of the Washington Township, Harrison County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 4, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We also rendered an adverse opinion on these financial statements because the Township charged Trustees' salaries, related taxes and OPERS to the Gasoline Tax and Motor Vehicle License Funds without the documentation required by Ohio Rev. Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056. Without this documentation, the Township must charge salaries to the General Fund. We also noted the Township charged Trustees' salaries, related taxes and OPERS to the Gasoline Tax and Motor Vehicle License Funds without the documentation required by Ohio Rev. Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056. Without this documentation, the Township must charge salaries to the General Fund. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify 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 certain deficiencies in internal control over financial reporting that we consider material weaknesses.

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 a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider findings 2009-001 and 2009-005 described in the accompanying schedule of findings to be material weaknesses.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 4, 2010.

The Township's response to the finding 2009-001 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 and the Township Board of Trustees and other within the Township. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 4, 2010



**WASHINGTON TOWNSHIP  
HARRISON 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**

**Finding for Adjustment/ Noncompliance Citation/Material Weakness**

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

The Trustees' salaries, taxes and OPERS were paid from the Gasoline Tax Fund in 2008 and 2009. The adjustment required to record these salaries and related taxes and OPERS in the General Fund for the current audit period follows:

	<b>General Fund</b>	<b>Gasoline Tax Fund</b>	<b>Motor Vehicle License Fund</b>
January 1, 2008 fund balance over (under)statement	\$42,432	(\$35,420)	(\$7,012)
2008 public works disbursements	10,998	(10,998)	
December 31, 2008 fund balance over (under)statement	53,430	(46,418)	(\$7,012)
2009 public works disbursements	<u>16,864</u>	<u>(16,864)</u>	
December 31, 2009 fund balance over (under)statement	<u>\$70,294</u>	<u>(\$63,282)</u>	<u>(\$7,012)</u>

These amounts have not been adjusted to the Township's financial statements or accounting records.

Per the above, trustees must keep records of the time spent on various tasks and the fund to which the township will charge their costs. (The sole exception to this is for trustees charging all salaries to the general fund, as described above.) There is no one method for documenting time and the kinds of services rendered. The trustees may use a diary, time sheets or any other method that will provide the information described above.

**Officials' Response:**

Trustees will be using a time sheet to record time spent on tasks.

In 2010, \$10,998 will be debited from the General Fund and credited it the Gas Tax Fund. In 2011, \$16,863 will be debited from the General Fund and credited to the Gas Tax Fund.

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceeded estimated resources in the following funds:

<b>Fund (Year)</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Variance</b>
General Fund (2008)	\$25,923	\$43,332	(\$17,409)
Gasoline Tax Fund (2008)	\$ 79,799	\$89,799	(\$10,000)
Road and Bridge Fund (2008)	\$ 15,593	\$29,813	(\$14,220)
Gasoline Tax Fund(2009)	\$83,019	\$93,019	(\$10,000)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. Actual receipts plus cash fund balances were not sufficient to permit the Township to obtain an amended certificate of estimated resources supporting the amounts of the abovementioned appropriations.

The Fiscal Officer and the Board of Trustees should review certified resources prior to adopting appropriations. If certified amounts are not sufficient to support desired appropriations, an increased amended certificate should be obtained, or appropriations should be limited to amounts available.

**Officials' Response**

No response was received.

**FINDING NUMBER 2009-003**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision from making expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in the following funds:

<b>Fund (Year)</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General Fund (2008)	\$ 43,332	\$ 45,290	(\$1,958)
Gas Tax Fund (2008)	\$89,799	\$98,729	(\$8,930)

The failure to limit expenditures plus encumbrances to the amount appropriated by the Township could result in overspending and negative cash balances. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations or by amending estimated resources.

**Officials' Response:**

No response was received.

## FINDING NUMBER 2009-004

### Noncompliance Citation

**Ohio Revised Code Section 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

- 1. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the trustees if such expenditure is otherwise valid.

- 2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Township did not certify the amount against the applicable appropriation accounts for 33% of tested expenditures. The Township did not always utilize the certification exceptions described above for those expenditures lacking prior certification.

**FINDING NUMBER 2009-004  
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used properly, prior certification is not only required by statute but it is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township Fiscal Officer should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Township should certify purchases to which Ohio Revised Code Section 5705.41 (D) applies. The most convenient certification method is to use purchase orders that include the certification language, which Ohio Revised Code Section 5705.41 (D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment and only when the requirements of Ohio Revised Code section 5705.41 (D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**Officials' Response:**

No response was received.

**FINDING NUMBER 2009-005**

**Material Weakness**

**Proper Classification of Receipts and Disbursements**

The Township did not correctly code and classify the following receipts and disbursements in 2008 and 2009, which resulted in adjustments to the financial statements. Also, the Township did not reconcile the bank balance to the book balances each month. The Fiscal Officer has agreed to the reclassifications and the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have been posted to the Township ledgers.

2008

<b>Fund</b>	<b>Function</b>	<b>Amount</b>	<b>Description</b>
<b>Adjustments</b>			
General	General government	\$522	To record an expenditure to accounting records
Road and Bridge	Public works	\$134	To record an expenditure to accounting records
Fire	Public safety	\$231	To record an expenditure to accounting records
<b>Reclassifications</b>			
Gas Tax	Debt repayment Interest	\$6,362 \$1,468	Expenditures had been posted as capital outlay

2009

<b>Fund</b>	<b>Function</b>	<b>Amount</b>	<b>Description</b>
<b>Adjustments</b>			
General	Intergovernmental	\$929	To record revenue to accounting records
FEMA	Intergovernmental	\$3,134	To record revenue to accounting records
<b>Reclassification</b>			
Gas Tax	Debt repayment Interest	\$6,250 \$1,093	Expenditures had been posted as capital outlay

**FINDING NUMBER 2009-005  
(Continued)**

Failure to consistently follow a uniform chart of accounts increases the possibility that the Township will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors going undetected. This prohibits the Township from obtaining accurate cash balances at a given date.

The Township Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. The Township Fiscal Officer should prepare accurate monthly reconciliations with a complete explanation of all reconciling items. In addition, the Township should adopt procedures for the review of posted transactions and subsequent posting to the financial statements.

**Officials' Response:**

No response was received.

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**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2007-001	ORC 505.24 (C) Trustees did not document time for work charged to Gas Tax Fund	No	Re-issued as finding 2009-001
2007-002	ORC Section 5705.39 Appropriations exceeding Estimated Resources.	No	Re-Issued as finding 2009-002
2007-003	ORC Section 5705.41(B) Expenditures exceeding Appropriations	No	Re-Issued as finding 2009-003
2007-004	ORC Section 5705.41(D) expenditures were not properly certified	No	Re-Issued as finding 2009-004
2007-005	Receipts and Disbursements not properly posted	No	Re-issued as finding 2009-005

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**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON TOWNSHIP**

**HARRISON 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  
OCTOBER 14, 2010**