



Mary Taylor, CPA
Auditor of State

**LEE TOWNSHIP
ATHENS COUNTY**

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Mary Taylor, CPA

Auditor of State

Lee Township
Athens County
P.O. Box 27
Albany, Ohio 45710

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 a 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 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.

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Mary Taylor, CPA
Auditor of State

September 18, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lee Township
Athens County
P.O. Box 27
Albany, Ohio 45710

To the Board of Trustees:

We have audited the accompanying financial statements of Lee Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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's financial transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 opinions.

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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Lee Township, Athens County, Ohio, as of December 31, 2008 and 2007, 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 September 18, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 18, 2009

**LEE TOWNSHIP
ATHENS 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 62,657	\$ 165,705	\$ 228,362
Intergovernmental	62,507	138,634	201,141
Earnings on Investments	720	190	910
Miscellaneous	245	139	384
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	126,129	304,668	430,797
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	90,743		90,743
Public Safety		49,000	49,000
Public Works		196,748	196,748
Debt Service:			
Redemption of Principal		24,368	24,368
Interest and Fiscal Charges		1,461	1,461
Capital Outlay	3		3
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	90,746	271,577	362,323
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	35,383	33,091	68,474
Fund Cash Balances, January 1	(68,301)	167,823	99,522
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ (32,918)	\$ 200,914	\$ 167,996
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$ 0	\$ 0	\$ 0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**LEE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 59,830	\$ 153,487	\$ 213,317
Intergovernmental	20,420	120,766	141,186
Earnings on Investments	506	152	658
Miscellaneous	168	44	212
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	80,924	274,449	355,373
Cash Disbursements:			
Current:			
General Government	99,378		99,378
Public Safety		33,522	33,522
Public Works	5,802	147,985	153,787
Debt Service:			
Redemption of Principal	11,750	12,067	23,817
Interest and Fiscal Charges	973	1,171	2,144
Capital Outlay	3		3
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	117,906	194,745	312,651
Total Cash Receipts Over/(Under) Cash Disbursements	(36,982)	79,704	42,722
Fund Cash Balances, January 1 (as restated)	(31,319)	88,119	56,800
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ (68,301)</u>	<u>\$ 167,823</u>	<u>\$ 99,522</u>
Reserve for Encumbrances, December 31	<u>\$ 1,124</u>	<u>\$ 1,680</u>	<u>\$ 2,804</u>

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

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Lee Township, Athens 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, cemetery maintenance and fire protection. The Township contracts with the Village of Albany Volunteer Fire Department to provide fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 8 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. Basis of Accounting

These financial statements follow the basis of accounting 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. Cash

The Fiscal Officer of the Township invests all available funds of the Township in an interest bearing checking account.

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.

2. Special Revenue Funds

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

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

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy - This fund receives property tax money to provided fire protection services.

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 fund, function, 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.

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 2008 and 2007 budgetary activity appears in Note 4.

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.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. RESTATEMENT OF BEGINNING FUND BALANCES

At December 31, 2006, the Township reported a deficit of \$17,849 in the Miscellaneous Special Revenue-FEMA Fund in anticipation of a reimbursements relating to 2006 expenditures for a disaster. The Township did not file the required reports with FEMA and, as a result, FEMA denied the reimbursement. Due to the nature of the repairs, the Road and Bridge Fund would have absorbed the expenditures had FEMA monies not been an option. As a result, the Township restated the January 1, 2007 fund balances to account for all activities relating to the disaster in the Road and Bridge Fund. The effects of the restatement were as follows:

Fund Type	12/31/2006		1/1/2007
	Balance	Amount	Balance
Miscellaneous Special Revenue - FEMA Fund	\$ (17,849)	\$ 17,849	\$ 0
Road and Bridge Fund	64,039	(17,849)	46,190

3. EQUITY IN POOLED CASH

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

	2008	2007
Demand deposits	\$ 167,996	\$ 99,522

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 181,784	\$ 126,129	\$ (55,655)
Special Revenue	148,369	304,668	156,299
Total	\$ 330,153	\$ 430,797	\$ 100,644

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 113,484	\$ 90,746	\$ 22,738
Special Revenue	282,170	271,577	10,593
Total	\$ 395,654	\$ 362,323	\$ 33,331

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 172,225	\$ 80,924	\$ (91,301)
Special Revenue	132,656	274,449	141,793
Total	\$ 304,881	\$ 355,373	\$ 50,492

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 119,030	\$ (119,030)
Special Revenue	0	196,425	(196,425)
Total	\$ 0	\$ 315,455	\$ (315,455)

Contrary to Ohio law, estimated receipts exceeded actual receipts plus the available fund balance in the General Fund by \$122,619 at December 31, 2007 and by \$125,078 at December 31, 2008. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road Levy Fund and Fire Levy Fund for the year ended December 31, 2008. Budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2007 because the Township did not adopt or file an appropriation measure. Finally, contrary to Ohio law, at December 31, 2008, the General Fund had a cash deficit balance of \$32,918 and at December 31, 2007, the General Fund had a cash deficit balance of \$68,301 and the Motor Vehicle License Tax Fund had a deficit balance of \$1,592.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Promissory Note - Trackhoe	\$ 11,226	2.50%
Promissory Note - Dump Truck	20,954	3.25%
	\$ 32,180	

The trackhoe promissory note was for the purchase of a trackhoe. The original note payable was for \$53,192. The full faith and credit of the Township has been pledged to repay the debt.

The dump truck promissory note was for the purchase of a dump truck. The original note payable was for \$66,000. The full faith and credit of the Township has been pledged to repay the debt.

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

Year Ending December 31	Trackhoe Loan	Dump Truck Loan
2009	\$ 11,507	\$ 14,320
2010		7,157
Total	\$ 11,507	\$ 21,477

7. RETIREMENT SYSTEM

The Township's elected 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 the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

8. 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RISK MANAGEMENT (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

**LEE TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RISK MANAGEMENT (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Township Contributions to OTARMA	
<hr/>	
2006	\$6,789
2007	\$5,712
2008	\$5,930

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have 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.

9. DEFICIT FUND BALANCES

At December 31, 2008, the General Fund had a cash deficit balance of \$32,918 and at December 31, 2007, the General Fund had a cash deficit balance of \$68,301 and the Motor Vehicle License Tax Fund had a deficit balance of \$1,592.

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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*

Lee Township
Athens County
P.O. Box 27
Albany, Ohio 45710

To the Board of Trustees:

We have audited the financial statements of Lee Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated September 18, 2009, 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 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001, 2008-002, 2008-008 through 2008-010 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-001, 2008-002, 2008-008 through 2008-010 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 18, 2009.

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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-008.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 18, 2009.

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

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



Mary Taylor, CPA
Auditor of State

September 18, 2009

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.10(C) provides that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made.

During 2007 tax levies were posted as follows:

Fund	Allocation per SSAT	Posting per UAN	Variance
General Fund	\$ 52,213	\$ 125,805	\$ 73,592
Road and Bridge Fund	79,431	32,477	(46,954)
Fire Levy Fund	39,374	25,000	(14,374)
Road Maintenance Fund	31,772	0	(31,772)
	\$ 202,790	\$ 183,282	\$ (19,508)

After the audit adjustments, to which the Township agreed, this resulted in negative fund cash balances in the General Fund and Motor Vehicle Licenses Tax Fund at December 31, 2007. The negative fund cash balance carried over and resulted in a negative fund cash balance in the General Fund at December 31, 2008.

We recommend the Fiscal Officer post all tax revenue at gross as allocated on the Statement of Semi-annual Apportionment Taxes (SSAT).

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. At present, revenues are posted as allocated on the SSAT's.

FINDING NUMBER 2008-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.10(H) provides that all money paid into a fund must be used only for the purpose for which the fund was established.

The Township had negative fund balances at December 31, 2007 as follows:

Fund	Deficit
General Fund	\$ 68,301
Motor Vehicle License Tax Fund	(1,592)

The Township had a negative fund balance at December 31, 2008 as follows:

Fund	Deficit
General Fund	\$ 32,918

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation and Material Weakness (Continued)

The negative amounts are the result of audit adjustments relating to improper posting on receipts and expenditures.

We recommend the Township monitor their fund balances to ensure funds they are used solely for their intended purpose and take necessary steps to reduce spending in funds with a deficit balance.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. Currently funds are monitored and monies properly posted and used for intended purposes under ORC 5705.10(H) thus averting the need for audit adjustments causing negative fund balances.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states 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.

Estimated receipts exceeded actual receipts plus available cash balance by \$122,619 in the General Fund at December 31, 2007 and by \$125,078 in the General Fund at December 31, 2008. Audit adjustments accounted for only a portion of the excess in both years.

This resulted in a negative fund balance of \$68,301 in the General Fund at December 31, 2007 and a negative fund balance of \$32,918 at December 31, 2008.

We recommend the Township monitor estimated and actual receipts and, upon determination that the deficiency in actual receipts will reduce the available resources below the current level of appropriation, obtain reduced amended certificate of available resources and appropriation measure.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer prior to April 1, 2008. Subsequently, the new Clerk/Fiscal Officer spent much of her time addressing other issues that carried over and dealing with correcting adjustments which resulted her overlooking this compliance issue. At this time, estimated receipts and appropriations monitored and amended accordingly.

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires the township pass an appropriation measure on or about the first day of each fiscal year. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-004 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.38(A) (Continued)

Per the minutes, the Board of Trustees passed an appropriation measure on February 12, 2007 for 2007. However, the Fiscal Officer did not file the appropriation measure with the County Auditor and did not retain the signed copy. Therefore, it was not available for testing. The Board of Trustees passed temporary appropriations on February 12, 2008 for 2008. They did not pass permanent appropriations until May 12, 2008. This resulted in expenditures exceeding appropriations for all of 2007 and from April 1 through May 12, 2008.

We recommend the Township approve and file with the County Auditor an appropriation measure or a temporary appropriation measure at the beginning of each fiscal year, prior to certifying the availability of funds, approving payment requests, or expending funds. After adoption of the permanent appropriations resolution, the Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. New Fiscal Officer sought Board approval and filed permanent appropriations as soon as possible after taking office April 1, 2008.

FINDING NUMBER 2008-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

Expenditures exceeded appropriations in the following funds at December 31, 2008 as follows:

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Fire Levy	\$27,772	\$50,181	(\$22,409)
Road Maintenance Levy	0	35,452	(35,452)

Expenditures exceeded appropriations in the following funds at December 31, 2007 as follows:

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$0	\$117,905	(\$117,905)
Motor Vehicle License Tax	0	16,788	(16,788)
Gasoline Tax	0	80,265	(80,265)
Road and Bridge	0	50,428	(50,428)
Fire District	0	33,522	(33,522)
Permissive Motor Vehicle Tax	0	13,090	(13,090)
Road Maintenance Levy	0	651	(651)

This resulted in expenditures exceeding available resources in the General fund and the Motor Vehicle License Tax fund in 2007.

LEE TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-005 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend the Fiscal Officer monitor budgetary expenditures and appropriations and ensure that the total expenditures from each fund shall not exceed the total appropriations.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. At this time, funds are appropriated prior to expenditures and are monitored accordingly.

FINDING NUMBER 2008-006

Noncompliance Citation

26 U.S.C. 3402(a)(1) requires employers to withhold and remit federal income taxes from the wages of employees and elected officials.

The Township withheld federal income tax and Medicare payments from employees' wages. However, the amounts reported for wages and total income tax withheld on the second quarter 941 report for 2007 did not agree to the payroll register per the UAN system. There was an amount reported as an overpayment on the third quarter 941 report for 2007 that was unsupported. The third and fourth quarter 941 reports included several checks recorded as voids in the UAN system.

We noted the following activity per our review of the quarterly 941 reports, UAN check register, and bank statements:

(\$1,290.10)	Underpayment noted on 2nd quarter 2007 941 report
1,213.56	Overpayment noted on 3rd quarter 2007 941 report
(847.73)	Check # 7862 reported on 3 rd quarter 2007 941 report but voided in system
(777.71)	Check #7873 reported on 4 th quarter 2007 941 but voided in system
(831.32)	Check #7924 reported on 4 th quarter 2007 941 but voided in system
(796.40)	Check #7932 reported on 4 th quarter 2007 941 but voided in system
(801.58)	Check #7956 reported on 4 th quarter 2007 941 but voided in system
3,277.03	Check #7966 to the IRS was to replace #7862, 7924, 7932, 7956 cleared 2/13/08
192.79	Check #8253 to the IRS for 3rd qtr 2007 cleared 11/20/08
<u>(\$661.46)</u>	Balance due for 2007

This resulted in penalties, fees, and interest charges assessed by the IRS on late filings.

We recommend the Fiscal Officer follow-up with the IRS to verify all payments for remittance of withholdings are current. This issue will be referred to the Internal Revenue Service.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. All withholdings are filed/paid on time at this time.

LEE TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-007

Noncompliance Citation

Auditor of State Bulletin 97-003 sets forth the requirements for inter-fund advances. Inter-fund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment;
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement;
4. Advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:
 - a. A specific statement that the transaction is an advance of cash, and
 - b. An indication of the money (fund) from which it is expected that repayment will be made.

There was no indication of Board of Trustees authorization for an advance made from the General Fund for \$9,500 to the Road and Bridge Fund and the Permissive Motor Vehicle Tax Fund during 2007. The audited financial statements reflect the audit adjustment to eliminate the unauthorized advance.

We recommend the Fiscal Officer follow the requirements set out in AOS Bulletin 97-003 when an advance is required.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. At this time, any advances and/or transfers are processed according to AOS Bulletin 97-003, ORC 5705.14, ORC 5705.16, and approved by Board resolution.

FINDING NUMBER 2008-008

Noncompliance Citation and Material Weakness

The contract with the Albany Area Volunteer Fire Department (VFD) provided for the Township to pay the VFD the net amount collected from the fire protection levies.

The prior audit noted adjustments resulting in an ending balance in the Fire Levy fund. The Township did not remit these amounts to the VFD and continued to misallocate fire levy tax receipts to other funds in 2007.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-008 (Continued)

Noncompliance Citation and Material Weakness (Continued)

This resulted in the following underpayment to the Albany Area VFD:

<u>Audit Year</u>	<u>Amount</u>	<u>Reason</u>
2006	\$9,499	Audit adjustments from prior audit not remitted to VFD
2007	15,862	Audit adjustments resulting from incorrect allocations of tax receipts.
2008	<u>1,764</u>	Underpayment due to incorrect beginning system fund balance
	<u>\$27,125</u>	Total Township underpayment per the contract

The Township posted all adjustments relating to the misallocation of tax levy receipts.

We recommend the Township contact the Albany Area Volunteer Fire Department to arrange payment of all past and current balances owed.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. New Fiscal Officer, as of April 1, 2008, recognized areas of concern, contacted proper authorities and will use the results of the audit finding as the best means to deal with these.

FINDING NUMBER 2008-009

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.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustments or reclassifications:

2008:

- The Fiscal Officer improperly classified Gasoline Tax receipts to the General Fund rather than the Gasoline Tax fund of \$4,895.
- The Fiscal Officer improperly classified homestead and rollback receipts as taxes rather than intergovernmental receipts in the Special Revenue Fund for \$9,298.
- The Fiscal Officer improperly posted transfers to correct a posting error in 2007 for \$2,676 in the General Fund and \$2,676 in the Special Revenue Fund.
- The Fiscal Officer improperly classified Debt Interest of \$972 as Principal in the Road and Bridge Fund and Debt Principal of \$10,960 and Interest of \$489 as Public Works in the Permissive Tax Fund.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-009 (Continued)

Material Weakness (Continued)

2007:

- The Fiscal Officer improperly posted tax revenues at net rather than gross totaling \$4,557 in the General Fund and \$3,079 in the Special Revenue Funds.
- The Fiscal Officer improperly classified tax receipts entirely in the General Fund rather than \$47,640 in the Road and Bridge Fund, \$31,772 in the Road Maintenance Fund, \$14,374 in the Fire Levy Fund.
- The Fiscal Officer improperly classified homestead and rollback receipts as taxes rather than intergovernmental in the General Fund for \$3,192 and in the Road and Bridge Fund for \$4,611.
- The Fiscal Officer improperly classified homestead and rollback receipts as taxes in the Debt Service Fund rather than intergovernmental in the General Fund for \$2,678, Road and Bridge Fund for \$3,779, Fire Levy Fund for \$1,753 and Road Maintenance Fund for \$1,511.
- The Fiscal Officer improperly classified Gasoline Tax receipts of \$5,153 in the Motor Vehicle License Tax Fund rather than the Gasoline Tax Fund.
- The Fiscal Officer improperly classified various intergovernmental receipts of \$5,130 to the FEMA Fund rather than the General Fund (\$1,073), Gasoline Tax Fund (\$3,531) and the Permissive Tax Fund (\$526).
- The Fiscal Officer improperly classified Debt Interest of \$926 as Principal in the Road and Bridge Fund and Debt Principal of \$2,184 and Interest of \$203 as Public Works in the Permissive Tax Fund.
- The Fiscal Officer improperly classified Debt Principal of \$11,750 and Interest of \$973 as General Government in the General Fund.
- The Fiscal Officer improperly classified Supply expenditures of \$2,759 as Debt Principal rather than Public Works.
- The Fiscal Officer improperly posted an advance of \$9,500 from the General Fund to the Road and Bridge and Permissive Tax Funds that was not approved by the Board of Trustees.
- The Fiscal Officer improperly classified payments for items such as chip and seal, gravel, UAN costs and insurance totaling \$6,743 as Health in the General Fund rather than \$941 as General Government and \$5,802 as Public Works.

Lack of due care in posting correctly resulted in audit adjustments. The audited financial statements reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. Funds are now posted correctly. Trustees are provided financial/budget information at each meeting.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-010

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds were as follows:

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
Motor Vehicle License	\$ 16,911	\$ 15,190	\$ (1,721)
Gasoline Tax	99,454	97,734	(1,720)
Road and Bridge	123,860	100,530	(23,330)
Fire Levy	27,772	50,447	22,675
Road Maintenance	29	38,118	38,089
Debt Service	0	9,722	9,722

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-010 (Continued)

Material Weakness (Continued)

Fund	Line Item	Approved Appropriations	Posted to UAN	Variance
General	Salaries Trustees	\$ 26,000	\$ 25,470	\$ (530)
	Workers' Compensation	3,000	3,240	240
	Unemployment Compensation	1,800	1,250	(550)
	UAN Accounting Fees	1,500	1,592	92
	Property Insurance	6,440	7,288	848
	Insurance Premium	12,000	5,576	(6,424)
	Operating Supplies	30,000	3,321	(26,679)
	Telephone	1,300	2,300	1,000
	Electricity	700	2,700	2,000
	Gas	1,800	3,114	1,314
	Supplies	4,000	1,429	(2,571)
	Repairs and Maintenance	1,882	502	(1,380)
	Land	6	3	(3)
	Motor Vehicle License	Operating Supplies	16,911	15,190
Gasoline Tax	Medicare	875	566	(309)
	Repairs and Maintenance	1,000	500	(500)
	Contracted Services	2,500	1,500	(1,000)
	Operating Supplies	20,580	19,947	(633)
	Machinery and Equipment	3,000	3,396	396
Road and Bridge	Operating Supplies	95,360	66,026	(29,334)
Fire Levy	Other Expenses	27,772	49,000	21,228
Debt Service	Bond/ Note Retirement	9,722	0	(9,722)

At December 31, 2007, budgeted receipts, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund	Per the Certificate of Estimated Resources	Per the Accounting System	Variance
General	\$ 140,907	\$ 111,233	\$ (29,674)
Motor Vehicle License	16,788	13,350	(3,438)
Gasoline Tax	87,644	80,675	(6,969)
Fire Levy	37,934	26,000	(11,934)
Permissive Tax	14,283	9,013	(5,270)

The Trustees lost some degree of budgetary control because they were unable to monitor actual results of operations against the amounts adopted at the beginning of the years. In addition, this resulted in adjustments made to Note 4 of the notes to the financial statements.

LEE TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2008-010 (Continued)

Material Weakness (Continued)

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the years.

Officials' Response: The responsibility was that of the previous Clerk/Fiscal Officer. Appropriations follow ORC 5705.40, are approved by the Board, posted in UAN and filed accordingly with the County Auditor currently.

**LEE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	A material noncompliance citation was issued under Ohio Revised Code Section 5705.10(H) for negative fund cash balances in 2006 and 2005.	No	Not Corrected: This item is repeated in the current Schedule of Findings as finding number 2008-002.
2006-002	A material noncompliance citation was issued under Ohio Revised Code Section 5705.38(A) for not adopting and filing appropriations prior to expenditure of funds.	No	Not Corrected: This item is repeated in the current audit Schedule of Findings as finding number 2008-004.
2006-003	A material noncompliance citation was issued under Ohio Revised Code Section 5705.41(D)(1) for expenditures not properly certified by the Fiscal Officer at the time of commitment in 2006 and 2005.	Yes	NA



Mary Taylor, CPA
Auditor of State

LEE TOWNSHIP
ATHENS 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 15, 2009