



Mary Taylor, CPA  
Auditor of State



WASHINGTON TOWNSHIP  
HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	19

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Washington Township  
Henry County  
S246 County Road 5B  
P.O. Box 27  
Liberty Center, Ohio 43532-0027

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.

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

**Mary Taylor, CPA**  
Auditor of State

August 13, 2009

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington Township  
Henry County  
S246 County Road 5B  
P.O. Box 27  
Liberty Center, Ohio 43532-0027

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Henry 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 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, 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 of Washington Township, Henry County, 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 August 13, 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.



**Mary Taylor, CPA**  
Auditor of State

August 13, 2009



**WASHINGTON TOWNSHIP  
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$25,364	\$108,474	\$46,959		\$180,797
Charges for Services		16,648			16,648
Licenses, Permits, and Fees		2,608			2,608
Intergovernmental	24,596	143,073	9,308		176,977
Earnings on Investments	317	84			401
Miscellaneous	24	2,085			2,109
Total Cash Receipts	<u>50,301</u>	<u>272,972</u>	<u>56,267</u>		<u>379,540</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	57,569	8,855			66,424
Public Safety		22,355			22,355
Public Works		115,861			115,861
Health	5,294	971			6,265
Capital Outlay		21,555			21,555
Debt Service:					
Redemption of Principal		33,327	26,252		59,579
Interest and Other Fiscal Charges		3,106	15,791		18,897
Total Cash Disbursements	<u>62,863</u>	<u>206,030</u>	<u>42,043</u>		<u>310,936</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,562)</u>	<u>66,942</u>	<u>14,224</u>		<u>68,604</u>
Fund Cash Balances, January 1	<u>116,947</u>	<u>384,635</u>	<u>45,806</u>	<u>\$35,734</u>	<u>583,122</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$104,385</u></b>	<b><u>\$451,577</u></b>	<b><u>\$60,030</u></b>	<b><u>\$35,734</u></b>	<b><u>\$651,726</u></b>

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

**WASHINGTON TOWNSHIP  
HENRY 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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$27,368	\$110,316	\$48,480		\$186,164
Charges for Services		10,186			10,186
Licenses, Permits, and Fees		3,915			3,915
Intergovernmental	29,703	128,494	7,652		165,849
Earnings on Investments	186	47			233
Miscellaneous	1,314	2,267			3,581
Total Cash Receipts	<u>58,571</u>	<u>255,225</u>	<u>56,132</u>		<u>369,928</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	53,562	36,204			89,766
Public Safety		31,315			31,315
Public Works	1,225	133,925			135,150
Health		1,347			1,347
Capital Outlay		37,144			37,144
Debt Service:					
Redemption of Principal		25,393	25,030		50,423
Interest and Other Fiscal Charges		4,661	17,013		21,674
Total Cash Disbursements	<u>54,787</u>	<u>269,989</u>	<u>42,043</u>		<u>366,819</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,784</u>	<u>(14,764)</u>	<u>14,089</u>		<u>3,109</u>
Fund Cash Balances, January 1	<u>113,163</u>	<u>399,399</u>	<u>31,717</u>	<u>\$35,734</u>	<u>580,013</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$116,947</u></b>	<b><u>\$384,635</u></b>	<b><u>\$45,806</u></b>	<b><u>\$35,734</u></b>	<b><u>\$583,122</u></b>

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

**WASHINGTON TOWNSHIP  
HENRY 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 Washington Township, Henry 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, fire protection, and emergency medical services.

The Township participates in Ohio Government Risk Management Plan which is a public entity risk pool. 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. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**WASHINGTON TOWNSHIP  
HENRY 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 Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Fire District Fund - This fund receives property tax money for providing fire protection.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund - This fund receives property tax money for the payment of bonds for the construction of the new fire station.

**4. Capital Projects Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Projects Fund:

Bonds (Fire Station) Fund - The Township sold bonds for the construction of the new fire station.

**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 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.

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. Equity in Pooled Deposits**

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

	2008	2007
Demand deposits	\$651,726	\$583,122

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

**3. 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	\$41,733	\$50,301	\$8,568
Special Revenue	218,829	272,972	54,143
Debt Service	53,474	56,267	2,793
Total	\$314,036	\$379,540	\$65,504

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

**3. Budgetary Activity (Continued)**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,515	\$62,863	\$94,652
Special Revenue	606,745	206,030	400,715
Debt Service	97,140	42,043	55,097
Capital Projects	35,758		35,758
Total	<u>\$897,158</u>	<u>\$310,936</u>	<u>\$586,222</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,263	\$58,571	\$17,308
Special Revenue	207,804	255,225	47,421
Debt Service	52,474	56,132	3,658
Total	<u>\$301,541</u>	<u>\$369,928</u>	<u>\$68,387</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,524	\$54,787	\$99,737
Special Revenue	637,218	269,989	367,229
Debt Service	84,191	42,043	42,148
Capital Projects	35,758		35,758
Total	<u>\$911,691</u>	<u>\$366,819</u>	<u>\$544,872</u>

Contrary to Ohio law, Gas/Electric Deregulation and Excess IRP Compensation revenues in the amounts of \$6,420 and \$476 in 2007, and \$6,732 and \$521 in 2008 were recorded in the Road and Bridge Fund. These monies should have allocated to the General, Fire District, Bond Retirement, and Motor Vehicle License Tax Funds.

**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.

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

**4. Property Tax (Continued)**

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

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

**5. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$312,076	4.75%
Bank Loan	83,585	4.10%
Total	\$395,661	

The Township issued general obligation bonds in 2002 to finance the construction, furnishing, and equipping of a new fire station and improving its site. The Township's taxing authority collateralized the bonds. The debt payments are made from the General Bond Retirement Fund.

The Township has a forty percent interest in a \$290,000 loan with the Henry County Bank for the purchase of a fire pumper truck in 2006. The loan began in 2006 and will mature in 2013. The remaining sixty percent of the loan will be paid by Liberty Township. The debt payments are made from the Fire District Fund.

The Township entered into a lease agreement in 2006 to finance the purchase of a 2002 Ford Truck for Township road usage. The Township paid the remaining lease balance off in 2008 and purchased the truck. This agreement was secured by the Township's depository account. The lease payments were made from the Gasoline Tax Fund and from the Road and Bridge Fund.

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

Year ending December 31:	Bank Loan	General Obligation Bonds
2009	\$19,093	\$41,768
2010	19,093	41,769
2011	19,093	41,768
2012	19,093	41,769
2013	12,729	41,768
2014-2018		180,854
Total	\$89,101	\$389,696

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

**6. Retirement System**

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's 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.

**7. Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs.

The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available).

	<b>2008</b>	<b>2007</b>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>



**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

**7. Risk Management (Continued)**

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**This page intentionally left blank.**



# 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  
Henry County  
S246 County Road 5B  
P.O. Box 27  
Liberty Center, Ohio 43532-0027

To the Board of Trustees:

We have audited the financial statements of the Washington Township, Henry County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 13, 2009, 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 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 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 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 and 2008-002 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe the significant deficiencies described above are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 13, 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

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



**Mary Taylor, CPA**  
Auditor of State

August 13, 2009

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2008-001**

**Material Weakness - Financial Reporting**

As a result of the audit procedures performed, in addition to those identified in finding 2008-002, the following errors were noted in the financial statements that required audit adjustments.

1. In 2007, homestead and rollback revenues of \$2,834, \$5,548, \$4,265, and \$5,505 were recorded as Property Taxes in the General Fund, Road and Bridge Fund, Fire District Fund, and Bond Retirement Fund, respectively. These revenues should be recorded as Intergovernmental Revenues.
2. Debt payments of \$1,874 and \$7,496 in 2007 were recorded as Public Works expenditures in the Gasoline Tax Fund and Road and Bridge Fund, respectively. In 2008, debt payments of \$7,450 and \$13,072 were recorded as Public Works expenditures in the Gasoline Tax Fund and as Public Works expenditures and Capital Outlay expenditures in the Road and Bridge Fund, respectively. These payments should be recorded as Redemption of Principal expenditures.
3. Debt payments of \$20,684 in 2007 and \$15,911 in 2008 were recorded as Capital Outlay expenditures in the Fire District Fund. These payments should be recorded as Redemption of Principal expenditures and Interest and Other Fiscal Charges.

The Township has posted the necessary adjustments to their financial statements and accounting records.

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

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

**WASHINGTON TOWNSHIP  
HENRY COUNTY**

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

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

**FINDING NUMBER 2008-002**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code § 5705.10** requires 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 and all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The following monies were recorded in the Road and Bridge Fund:

1. Gas/Electric Deregulation revenue in the amounts of \$6,420 in 2007 and \$6,732 in 2008 should have allocated to the General, Fire District, and Bond Retirement Funds.
2. Excess IRP Compensation revenue in the amounts of \$476 in 2007 and \$521 in 2008 should have posted to the Motor Vehicle License Tax Fund.

This could result in monies being used for purposes other than those prescribed by law.

Adjustments were made to the Township's financial statements and accounting records to move these monies from the Road and Bridge Fund into the General Fund, Motor Vehicle License Tax Fund, Fire District Fund, and Bond Retirement Fund in 2007 and in 2008.

We recommend the Fiscal Officer record distributions from the County Auditor in the funds established on the Township's accounting system to account for these monies.

**Officials' Response:**

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

**WASHINGTON TOWNSHIP  
HENRY 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; <b><i>Explain</i></b>
2006-001	Financial Reporting certain errors required adjustments	No	Repeated in this report as finding number 2008-001
2006-002	Ohio Revised Code Section 5705.41(D)(1), the Township had material unrecorded encumbrances at year-end.	Yes	
2006-003	Finding for Recovery against a Township trustee for improper reimbursement made for family health care coverage.	Yes	
2006-004	Finding for Recovery against a Township trustee for improper reimbursement made for family health care coverage.	Yes	
2006-005	Finding for Recovery against a Township employee for improper reimbursement made for family health care coverage.	Yes	
2006-006	Finding for Recovery against the Township fiscal officer for improper reimbursement made for family health care coverage.	Yes	







**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON TOWNSHIP**

**HENRY 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  
SEPTEMBER 24, 2009**