

WASHINGTON TOWNSHIP

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Washington Township
9501 Stangel Road
Sidney, Ohio 45365

We have reviewed the *Independent Auditors' Report* of Washington Township, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Washington Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 14, 2009

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**WASHINGTON TOWNSHIP
SHELBY COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Washington Township
9501 Stangel Rd
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Shelby County (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. We believe that our audits provide 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 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, Shelby 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 a report dated August 17, 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 grants 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

August 17, 2009

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**WASHINGTON TOWNSHIP
SHELBY 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>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 11,980	105,430	0	\$ 117,410
Licenses, Permits, and Fees	3,049	3,605	0	6,654
Intergovernmental Receipts	219,170	116,110	0	335,280
Earnings on Investments	153	64	149	366
Miscellaneous	256	3,200	0	3,456
Total Cash Receipts	<u>234,608</u>	<u>228,409</u>	<u>149</u>	<u>463,166</u>
Cash Disbursements:				
Current:				
General Government	\$ 39,992	39,525	0	\$ 79,517
Public Safety	10,205	369	0	10,574
Public Works	0	67,590	0	67,590
Health	7,410	5,383	0	12,793
Other	0	199	0	199
Capital Outlay	27,057	3,700	0	30,757
Total Cash Disbursements	<u>84,664</u>	<u>116,766</u>	<u>0</u>	<u>201,430</u>
Total Receipts Over/(Under) Disbursements	<u>149,944</u>	<u>111,643</u>	<u>149</u>	<u>261,736</u>
Other Financing Receipts/Disbursements				
Transfer In	0	3,000		3,000
Transfer Out	(3,000)	0	0	(3,000)
Total Other Financing Receipts/(Disbursements)	<u>(3,000)</u>	<u>3,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>146,944</u>	<u>114,643</u>	<u>149</u>	<u>261,736</u>
Fund Cash Balances, January 1,	<u>1,710</u>	<u>70,598</u>	<u>4,663</u>	<u>76,971</u>
Fund Cash Balances, December 31,	<u>\$ 148,654</u>	<u>\$ 185,241</u>	<u>\$ 4,812</u>	<u>\$ 338,707</u>

The Notes to the Financial Statements are an integral part of this statement.

**WASHINGTON TOWNSHIP
SHELBY 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>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 13,609	107,795	0	0	\$ 121,404
Licenses, Permits, and Fees	1,059	4,200	0	0	5,259
Intergovernmental Receipts	29,672	112,656	0	0	142,328
Earnings on Investments	273	326	0	201	800
Miscellaneous	314	800	0	0	1,114
Total Cash Receipts	<u>44,927</u>	<u>225,777</u>	<u>0</u>	<u>201</u>	<u>270,905</u>
Cash Disbursements:					
Current:					
General Government	\$ 38,193	40,795	0	0	\$ 78,988
Public Safety	9,070	242	0	0	9,312
Public Works	0	172,981	0	0	172,981
Health	7,465	5,620	0	1,384	14,469
Capital Outlay	3,352	82,143	2,239	0	87,734
Total Cash Disbursements	<u>58,080</u>	<u>301,781</u>	<u>2,239</u>	<u>1,384</u>	<u>363,484</u>
Total Receipts Over/(Under) Disbursements	<u>(13,153)</u>	<u>(76,004)</u>	<u>(2,239)</u>	<u>(1,183)</u>	<u>(92,579)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(13,153)</u>	<u>(76,004)</u>	<u>(2,239)</u>	<u>(1,183)</u>	<u>(92,579)</u>
Fund Cash Balances, January 1,	<u>14,863</u>	<u>146,602</u>	<u>2,239</u>	<u>5,846</u>	<u>169,550</u>
Fund Cash Balances, December 31,	<u>\$ 1,710</u>	<u>\$ 70,598</u>	<u>\$ 0</u>	<u>\$ 4,663</u>	<u>\$ 76,971</u>

The Notes to the Financial Statements are an integral part of this statement.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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, Shelby 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 contracts with the Village of Lockington and the City of Sidney to provide fire services and the City of Sidney and the Houston Ambulance District to provide ambulance services.

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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintained a checking account and certificates of deposit during the audit period. The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund:

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

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds:

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

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 to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license money to pay for constructing, maintaining, and repairing Township roads.

Road Maintenance Special Levy – This fund receives property tax money to provide road maintenance for the Township roads.

Fire District Fund – This fund receives property tax money to provide fire services to the Township residents.

Beachwood Cemetery Fund – This fund receives money from the sales of cemetery lots and the opening and closing of graves to be used for cemetery upkeep.

3. Permanent Funds:

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant permanent funds:

Baker Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Luttrell Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$334,328	\$72,592
Certificates of Deposit	4,379	4,379
Total deposits	<u>\$338,707</u>	<u>\$76,971</u>

Deposits:

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

WASHINGTON TOWNSHIP
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General \$	224,399 \$	234,608 \$	10,209
Special Revenue	234,725	231,409	(3,316)
Capital Projects	0	0	0
Permanent	0	149	149
Total	\$ 459,124 \$	\$ 466,166 \$	\$ 7,042

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General \$	226,109 \$	87,664 \$	138,445
Special Revenue	305,323	116,766	188,557
Capital Projects	0	0	0
Permanent	4,663	0	4,663
Total	\$ 536,095 \$	\$ 204,430 \$	\$ 331,665

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General \$	85,477 \$	44,927 \$	(40,550)
Special Revenue	230,387	225,777	(4,610)
Capital Projects	0	0	0
Permanent	144	201	57
Total	\$ 316,008 \$	\$ 270,905 \$	\$ (45,103)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General \$	100,340 \$	58,080 \$	42,260
Special Revenue	376,989	301,781	75,208
Capital Projects	2,239	2,239	0
Permanent	5,990	1,384	4,606
Total	\$ 485,558 \$	\$ 363,484 \$	\$ 122,074

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY, (Continued)

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. The Township did not request a reduced estimated certificate of resources or amend appropriations as required in 2008 or 2007. Contrary to Ohio Law, estimated resources exceeded actual receipts in the motor vehicle license, road and bridge, fire levy, and road maintenance funds by \$2,144, \$3,592, \$829 and \$2,224 in 2008; and the general, gasoline, and cemetery funds by \$40,550, \$9,114 and \$2,064 in 2007.

4. 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 August 20.

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

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

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

5. RETIREMENT SYSTEM

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 this 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 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. LEASE

The Township leases a truck under a cancelable lease that is classified as a capital lease that expires in 2012.

Future lease payments for the above leases are as follows:

Year Ending December 31:	<u>Amount</u>
2009	\$16,906
2010	16,906
2011	16,906
2012	<u>16,906</u>
Total Minimum Lease Payments	\$67,624
Less amount representing interest	<u>8,530</u>
Present value of minimum lease payments	<u><u>\$59,094</u></u>

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township contracted with Nationwide Insurance Company through the Eilerman Insurance Agency to provide property and casualty coverage with coverage as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Automobile Liability	500,000
General Liability	300,000
Inland Marine	9,175
Property	47,300

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Washington Township
Shelby County
9501 Stangel Rd
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the financial statements of Washington Township, Shelby County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 17, 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 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 the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting 2008-003 through 2008-005.

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. However, we believe the significant deficiencies described above as findings 2008-003 and 2008-005 are also 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 grants 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 Standard*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-005.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

August 17, 2009

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED 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

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a 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 the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.

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 account 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 certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001 (Continued)

To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “Then and Now” certification should be used.

The Township issued purchase orders after the incurrence of an expense without certifying the purchase order as a “Then and Now”, for 40 percent and 27 percent of expenditures tested in 2008 and 2007, respectively.

Response: The Fiscal Officer will review the proper use of purchase orders.

FINDING NUMBER 2008-002

Ohio Rev. Code, Section 5705.36, requires all subdivisions to request reduced amended certificates upon determination by the Fiscal Officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The intent of this requirement is to require the Fiscal Officer to obtain a reduced amended certificate when it appears that budgetary resources will fall short of earlier estimates, reducing the possibility that deficit spending will occur. Actual receipts for both years of the audit period were below estimated receipts in the following funds:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2008			
Motor Vehicle License	\$ 11,500	\$ 9,356	\$ (2,144)
Road & Bridge	58,750	55,158	(3,592)
Fire Tax Levy	17,925	17,095	(829)
Road Maintenance	57,250	55,026	(2,224)
2007			
General Fund	\$ 85,477	\$ 44,927	\$ (40,550)
Gasoline Tax	90,444	81,329	(9,114)
Cemetery	7,064	5,000	(2,064)

Failure to monitor estimated resources and provide accurate and complete financial information limits management’s resources for decision making and can provide a false perception of the Township’s financial position which could result in overspending. Failure to accurately prepare and reconcile the accounting records reduces the Trustee’s ability to monitor financial activity, increases the likelihood that monies will be misappropriated and go undetected and increases the likelihood that the Township’s financial statements will be misstated.

Response: The Trustees and Fiscal Officer recognize the importance of budgetary law and plan to monitor budgetary receipts in the future.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-003

Ohio Rev. Code Section 117.38, Classification of Funds - the Township was required to reclassify its nonexpendable trust fund into either a permanent fund or a private purpose fund. Based on the criteria issued by Auditor of State, the funds should have been classified into a permanent fund. The Township classified its nonexpendable trust funds into special revenue funds. Since the principal of these funds are perpetual the classification should have been permanent. These financial statements have been adjusted to reflect the proper classification of the funds.

In addition, **Ohio Rev. Code Section 5705.131** states interest earned on permanent fund is to be credited to that fund. The Township recorded \$145 and \$201, in 2008 and 2007 respectfully, in permanent fund interest to the General Fund. Also, the principal of permanent trust fund and any addition to the principal arising from sources other than the reinvestment of investment earnings to the fund that has been established for receiving donations and/or contributions pursuant to Ohio Rev. Code § 5705.131 must also be excluded from the amount of unencumbered balances that are certified.

The Township certified the balance of the two permanent trust funds as being available for expenditure, contrary to this requirement. Certification of the balances of the permanent trust funds presents the risk that the principal of the trust fund could be improperly expended.

Response: Fiscal Officer will make necessary change to UAN system to properly reflect funds as permanent.

FINDING NUMBER 2008-004

Ohio Rev. Code Section 135.18(A) provides, in part that the treasurer shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public monies to be deposited in the public depository during the period of designation pursuant the award, eligible securities of aggregate marked value equal to the excess of the amount of public monies to be at the time so deposited, over and above the portion of amount of such monies as is at that time insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government.

The Township's depository agreement expired in 2001; no new agreement was entered into upon its expiration. During the audit period deposits exceeded the FDIC limit 10 months in 2008 and 8 months in 2007. As a result, the monies of the Township were not adequately protected against loss in the event of a bank failure. We recommend the Fiscal Officer and Trustees obtain additional specific pledged collateral for protection of the Township's monies.

Response: The Fiscal Officer has requested a new depository agreement with the bank.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-005

Ohio Rev. Code Section 505.24(C) and OAG Opinion 2004-036 requires Township Trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. If Trustee compensation is paid solely from the General Fund, documentation of hours spent by service is not required.

Trustees were paid from the Gasoline Fund during the audit period without proper documentation. The financial statements have been adjusted by the Township due to this non-compliance.

Response: Trustees will document their time on time sheets or diary if compensation is paid from any fund other than the General Fund.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.41(D) - Failure to certify availability of funds prior to incurring an expense	No	Reissued as Finding 2008-001
2006-002	ORC Sec. 9.31 - Cemetery receipts were not deposited timely	Yes	
2006-003	ORC Sec. 5705.36 - Amended certificates were not obtained when necessary & permanent funds balances were included as available resources.	No	Reissued as Finding 2008-002
2006-004	ORC Sec. 117.38 - Non-expendable trust balances were not properly reclassified as either permanent or private purpose funds	No	Reissued as Finding 2008-005



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

SHELBY 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
NOVEMBER 5, 2009