



Mary Taylor, CPA
Auditor of State

**MCKEAN TOWNSHIP
LICKING 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, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	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>	13
Schedule of Audit Findings	15
Schedule of Prior Audit Findings.....	16

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Mary Taylor, CPA
Auditor of State

McKean Township
Licking County
1260 Sportsman Club Road NW
Newark, Ohio 43055

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 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 adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

McKean Township
Licking County
1260 Sportsman Club Road NW
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of McKean Township, Licking County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of McKean Township, Licking County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1b, for the year ended December 31, 2008, the Township changed its financial presentation from the to the requirements of Governmental Accounting Standard No. 34. *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

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 July 15, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 15, 2010

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$25,814.26	\$225,066.50	\$0.00	\$0.00	\$250,880.76
Licenses, Permits, and Fees	209.05	5,400.00	0.00	0.00	5,609.05
Intergovernmental	72,753.10	114,325.14	190,264.19	0.00	377,342.43
Earnings on Investments	340.09	275.74	0.00	3.00	618.83
Miscellaneous	0.00	14,881.89	0.00	0.00	14,881.89
Total Cash Receipts	99,116.50	359,949.27	190,264.19	3.00	649,332.96
Cash Disbursements:					
Current:					
General Government	56,524.23	0.00	0.00	0.00	56,524.23
Public Safety	0.00	172,329.87	0.00	0.00	172,329.87
Public Works	0.00	149,375.74	0.00	0.00	149,375.74
Health	3,903.21	5,458.82	0.00	0.00	9,362.03
Human Services	0.00	10,358.89	0.00	0.00	10,358.89
Capital Outlay	0.00	0.00	190,264.19	0.00	190,264.19
Debt Service:					
Redemption of Principal	0.00	9,951.00	0.00	0.00	9,951.00
Interest and Other Fiscal Charges	0.00	2,858.00	0.00	0.00	2,858.00
Total Cash Disbursements	60,427.44	350,332.32	190,264.19	0.00	601,023.95
Total Receipts Over Disbursements	38,689.06	9,616.95	0.00	3.00	48,309.01
Other Financing Receipts/(Disbursements):					
Other Financing Sources	87.13	0.00	0.00	0.00	87.13
Other Financing Uses	(1,877.54)	(2,764.00)	0.00	0.00	(4,641.54)
Total Other Financing (Disbursements)	(1,790.41)	(2,764.00)	0.00	0.00	(4,554.41)
Excess of Cash Receipts Over Cash Disbursements And Other Financing Disbursements	36,898.65	6,852.95	0.00	3.00	43,754.60
Fund Cash Balance, January 1	7,167.71	131,984.14	0.00	246.28	139,398.13
Fund Cash Balance, December 31	\$44,066.36	\$138,837.09	\$0.00	\$249.28	\$183,152.73

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

**MCKEAN TOWNSHIP
LICKING 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**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$22,805.47	\$224,487.65	\$0.00	\$0.00	\$0.00	\$247,293.12
Licenses, Permits, and Fees	718.75	1,350.00	0.00	0.00	0.00	\$2,068.75
Intergovernmental	30,857.87	109,397.68	0.00	153,440.00	0.00	\$293,695.55
Earnings on Investments	833.61	1,258.46	0.00	0.00	3.00	\$2,095.07
Miscellaneous	0.00	11,636.13	0.00	0.00	0.00	\$11,636.13
Total Cash Receipts	55,215.70	348,129.92	0.00	153,440.00	3.00	556,788.62
Cash Disbursements:						
Current:						
General Government	55,629.49	0.00	0.00	0.00	0.00	55,629.49
Public Safety	0.00	165,384.62	0.00	0.00	0.00	165,384.62
Public Works	0.00	148,673.46	0.00	0.00	0.00	148,673.46
Health	0.00	5,825.00	0.00	0.00	0.00	5,825.00
Human Services	0.00	8,101.70	0.00	0.00	0.00	8,101.70
Capital Outlay	0.00	0.00	0.00	153,440.00	0.00	153,440.00
Debt Service:						
Redemption of Principal	0.00	5,618.00	3,834.12	0.00	0.00	9,452.12
Interest and Other Fiscal Charges	0.00	3,357.00	0.00	0.00	0.00	3,357.00
Total Cash Disbursements	55,629.49	336,959.78	3,834.12	153,440.00	0.00	549,863.39
Total Receipts Over/(Under) Disbursements	(413.79)	11,170.14	(3,834.12)	0.00	3.00	6,925.23
Other Financing Receipts/(Disbursements):						
Other Financing Sources	258.12	0.00	0.00	0.00	0.00	258.12
Other Financing Uses	(3,833.62)	0.00	0.00	0.00	0.00	(3,833.62)
Total Other Financing (Disbursements)	(3,575.50)	0.00	0.00	0.00	0.00	(3,575.50)
Excess of Cash Receipt/(Under) Cash Disbursements And Other Financing Disbursements	(3,989.29)	11,170.14	(3,834.12)	0.00	3.00	3,349.73
Fund Cash Balance, January 1	11,157.00	120,814.00	3,834.12	0.00	243.28	136,048.40
Fund Cash Balance, December 31	\$7,167.71	\$131,984.14	\$0.00	\$0.00	\$246.28	\$139,398.13

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

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the McKean Township, Licking County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Granville and Monroe Township to provide fire services and ambulance services.

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

B. Accounting Basis

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

For the year ended December 31, 2008, the Township changed its financial presentation from the requirements of Government Accounting Standard No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of fund balances.

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.

The Township values repurchase agreement at cost.

D. Fund Accounting

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

1. General Fund

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

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

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 private-purpose 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.

Fire District Fund - This fund receives tax money levied for contracted fire protection services to Township residents.

3. Debt Service Fund

In 2008, this fund accounted for resources the Township accumulates to pay note debt.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following capital project fund:

Public Works (Issue I) Fund - The Township received a grant from the State of Ohio for road work on Chatham and North Chatham roads.

5. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 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.

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

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

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 and Investments

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

	2009	2008
Demand Deposits	\$50,000	\$50,000
Total Deposits	50,000	50,000
Repurchase Agreement	133,154	89,399
Total Investments	133,154	89,399
Total Deposits and Investments	\$183,154	\$139,399

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,627	\$99,204	\$13,577
Special Revenue	347,175	359,949	12,774
Debt Service	167	0	(167)
Capital Projects	190,264	190,264	0
Permanent	3	3	0
Total	\$623,236	\$649,420	\$26,184

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,797	\$62,305	\$30,492
Special Revenue	461,896	353,096	108,800
Debt Service	167	0	167
Capital Projects	243,537	190,264	53,273
Permanent	249	0	249
Total	\$798,646	\$605,665	\$192,981

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,484	\$55,474	(\$2,010)
Special Revenue	334,134	348,130	13,996
Debt Service	111	0	(111)
Capital Projects	180,700	153,440	(27,260)
Permanent	3	3	0
Total	\$572,432	\$557,047	(\$15,385)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,643	\$59,463	\$9,180
Special Revenue	452,183	336,960	115,223
Debt Service	3,945	3,834	111
Capital Projects	180,700	153,440	27,260
Permanent	246	0	246
Total	\$705,717	\$553,697	\$152,020

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the Public Works and Fire Funds by \$50,509 and \$1,000, respectively, for the year ended December 31, 2009.

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe Note	45,229	5.2%

The Township issued general obligation notes in 2007 to finance the purchase of a backhoe for Township maintenance. The Township's taxing authority collateralized the notes.

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

Year ending December 31:	<u>Backhoe Note</u>
2010	\$12,809
2011	12,809
2012	12,809
2013	12,809
Total	<u><u>\$51,236</u></u>

6. Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Township does not participate in this coverage.

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 2009 and include amounts for both OPRM and OPHC:

	2008	2009
Assets	\$10,471,114	\$11,176,186
Liabilities	<u>(5,286,781)</u>	<u>(4,852,485)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,323,701</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



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*

McKean Township
Licking County
1260 Sportsman Club Road NW
Newark, Ohio 43055

To the Board of Trustees:

We have audited the financial statements of McKean Township, Licking County, Ohio (the Township) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated July 15, 2010 wherein we noted for the year ended December 31, 2008, the Township changed its financial presentation from the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 15, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 15, 2010

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Appropriations Exceeding Estimate Resources

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Although the County Auditor filed a certificate that the total appropriations from each fund did not exceed the total official estimate of resources from each fund, the total appropriations exceeded the total estimated resources in the following funds for 2009:

Fire Fund - \$1,000
Public Works Fund - \$50,509

Failure to file amended certificates of estimated resources with the County Auditor could lead to expending money without the available resources to cover the expenses.

We recommend the Township review budgetary information on a regular basis and submit amendments when necessary to ensure budgetary compliance.

Officials' Response:

We did not receive an official response for this comment.

**MCKEAN TOWNSHIP
LICKING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007 – 001	ORC 5705.41(B) – Expenditures Exceeding Appropriations	Yes	
2007 – 002	ORC 5705.10 – Tax Revenue Posting	Yes	
2007 – 003	ORC 5705.41(D) – Prior Certification of Funds	Yes	
2007 – 004	Revenue and Expenditure Posting	No	Not Corrected – Reissued as Management Letter Comment
2007 – 005	Cemetery Receipts	Yes	
2007 – 006	Financial Reporting	No	Reissued as a management letter comment



Mary Taylor, CPA
Auditor of State

MCKEAN TOWNSHIP

LICKING 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
AUGUST 17, 2010**