

**Washington Township
Pickaway County**

Regular Audit

For the Years Ended December 31, 2009 and 2008
Fiscal Years Audited Under GAGAS: 2009 and 2008



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Mary Taylor, CPA

Auditor of State

Board of Trustees
Washington Township
21339 Ringgold Southern Road
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of Washington Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Auditor's 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 Auditor's 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.

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

Mary Taylor, CPA
Auditor of State

August 12, 2010

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Washington Township
Pickaway County, Ohio
For the Years Ended December 31, 2009 and 2008
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Independent Auditor's Report

Township Trustees
Washington Township
Pickaway County
6906 Old Tarlton Pike Road
Circleville, Ohio 43113

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

As described in Note 2, 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 for, 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 require 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 governments 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 Washington Township, Pickaway County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

Township Trustees
Washington Township
Pickaway County
Independent Auditor's Report
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The Township has not presented Management's Discussion & 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 April 28, 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.



Balestra, Harr & Scherer, CPAs, Inc.

April 28, 2010

**Washington Township
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Property and Local Taxes	\$ 77,790	\$ 193,004	\$ -	\$ 270,794
Intergovernmental	68,086	130,173	-	198,259
Fines, Licenses & Permits	12,416	-	-	12,416
Earnings on Investments	7,806	2,335	16	10,157
Miscellaneous	812	-	-	812
	<u>166,910</u>	<u>325,512</u>	<u>16</u>	<u>492,438</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons & Property	-	36,650	-	36,650
Public Health Service	15,480	-	-	15,480
Public Works	-	209,154	-	209,154
General Government	171,868	238	-	172,106
Capital Outlay	12,307	100,000	-	112,307
	<u>199,655</u>	<u>346,042</u>	<u>-</u>	<u>545,697</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(32,745)</u>	<u>(20,530)</u>	<u>16</u>	<u>(53,259)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Fixed Assets	<u>19,150</u>	<u>-</u>	<u>-</u>	<u>19,150</u>
	<u>19,150</u>	<u>-</u>	<u>-</u>	<u>19,150</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,595)	(20,530)	16	(34,109)
Fund Cash Balances, January 1	<u>438,071</u>	<u>609,002</u>	<u>888</u>	<u>1,047,961</u>
Fund Cash Balances, December 31	<u>\$ 424,476</u>	<u>\$ 588,472</u>	<u>\$ 904</u>	<u>\$ 1,013,852</u>

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

**Washington Township
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2008*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent Fund	
Cash Receipts:				
Property and Local Taxes	\$ 77,199	\$ 189,314	\$ -	\$ 266,513
Intergovernmental	328,132	130,428	-	458,560
Fines, Licenses & Permits	9,948	-	-	9,948
Earnings on Investments	5,499	1,799	12	7,310
Miscellaneous	8,587	1,221	-	9,808
	429,365	322,762	12	752,139
Cash Disbursements:				
Current:				
Security of Persons & Property	-	33,250	-	33,250
Public Health Service	11,060	-	-	11,060
Public Works	-	323,030	-	323,030
General Government	133,411	466	-	133,877
Capital Outlay	17,075	-	-	17,075
	161,546	356,746	-	518,292
Total Cash Receipts Over/(Under) Cash Disbursements	267,819	(33,984)	12	233,847
Fund Cash Balances, January 1	170,252	642,986	876	814,114
Fund Cash Balances, December 31	\$ 438,071	\$ 609,002	\$ 888	\$ 1,047,961

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

NOTE 1 - DESCRIPTION OF THE ENTITY

Washington Township (the “Township”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides the following services: cemetery maintenance and road and bridge maintenance. The Township contracts with Clearcreek Township to provide fire protection services and Pickaway Plains to provide emergency medical services.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township’s accounting policies are described below.

A. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 the State.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Township not required to be included in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures 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.

Road District Fund – This fund receives tax money for the purpose of improving and maintaining roads within the township.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Permanent Fund

The permanent fund is used to account for earnings of a trust where the corpus may be used based upon the terms of the bequest. Interest earnings are expendable from this fund for the general upkeep of the cemetery. The original principal amount is not expendable.

C. BUDGETARY PROCESS

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

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.

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.

Encumbrances:

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled.

A summary of 2007 and 2006 budgetary activity appears in Note 5.

D. CASH AND CASH EQUIVALENTS

Certificates of deposit are valued at cost.

E. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. TOTAL COLUMNS OF FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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>2009</u>	<u>2008</u>
Demand Deposits	\$ 1,013,352	\$ 1,047,461
Certificates of Deposit	500	500
Total Deposits	<u>\$ 1,013,852</u>	<u>\$ 1,047,961</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution’s public entity deposit pool.

NOTE 4 – PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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 taxes, billing, collecting, and distributing all property taxes on behalf of the Township.

Washington Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

NOTE 5 – BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 147,991	\$ 186,060	\$ 38,069
Special Revenue	438,042	325,512	(112,530)
Permanent	12	16	4
Total	\$ 586,045	\$ 511,588	\$ (74,457)

2009 Budgeted vs. Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 566,101	\$ 199,655	\$ 366,446
Special Revenue	1,047,044	346,042	701,002
Permanent	-	-	-
Total	\$ 1,613,145	\$ 545,697	\$ 1,067,448

2008 Budgeted vs. Actual Reports

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 133,218	\$ 429,365	\$ 296,147
Special Revenue	431,275	322,762	(108,513)
Permanent	12	12	-
Total	\$ 564,505	\$ 752,139	\$ 187,634

2008 Budgeted vs. Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 299,050	\$ 161,546	\$ 137,504
Special Revenue	1,074,263	356,746	717,517
Permanent	-	-	-
Total	\$ 1,373,313	\$ 518,292	\$ 855,021

NOTE 6 – RETIREMENT SYSTEM

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

NOTE 6 – RETIREMENT SYSTEM – (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries. The Township contributed an amount equal to 14.0 percent of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2009.

NOTE 7 – RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

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

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2008 was \$2,032,316.

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

Washington Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

NOTE 7 – RISK MANAGEMENT – (Continued)

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year’s premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (most recent available information):

	2008	2007
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	(12,981,818)	(13,357,837)
Retained Earnings	\$ 27,755,922	\$ 29,852,866

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$12,600. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph of this section below.

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

Contributions to OTARMA	
2007	\$6,786
2008	6,261
2009	6,265

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minimum the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 8- CONTIGENT LIABILITY

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 9 - COMPLIANCE

Contrary to Ohio Revised Code Section 5705.36(A)(4), the Township did not obtain a reduced amended certificate when it was apparent that actual resources were going to fall below the current level of appropriations. In 2008, a reduced amended certificate should have been obtained for the Motor Vehicle License Tax, Gasoline Tax, and Permissive Motor Vehicle License Funds. In 2009, a reduced amended certificate should have been obtained for the Motor Vehicle License Tax, Gasoline Tax and Permissive Motor Vehicle License Funds.

Contrary to Ohio Administrative Code Section 117-2-02A, the Township failed to maintain internal controls over financial record keeping and reporting causing an inaccurate reflection of the receipts and disbursements for 2009 and 2008.



**Report On Internal Control Over Financial Reporting and On Compliance and Other Matters
Required by *Government Auditing Standards***

Township Trustees
Washington Township
Pickaway County
6906 Old Tarlton Pike Road
Circleville, Ohio 43113

We have audited the financial statements of Washington Township, Pickaway County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 28, 2010, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings and responses to be material weaknesses.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated April 28, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-001 and 2009-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we have reported to the Township's management in a separate letter dated April 28, 2010.

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

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



Balestra, Harr & Scherer, CPAs, Inc.
April 28, 2010

**WASHINGTON TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

FINDING NUMBER 2009-001

MATERIAL NONCOMPLIANCE/MATERIAL WEAKNESS

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balance plus estimated receipts), the auditor noted 2008 appropriations were in excess of available resources in the Motor Vehicle License Tax Fund by \$19,338, the Gasoline Tax Fund by \$31,552, and in the Permissive Tax Fund by \$68,839. For 2009 appropriations were in excess of the available resources in the Motor Vehicle License Tax Fund by \$22,029, the Gasoline Tax Fund by \$32,911, and the Permissive Tax Fund by \$66,377.

The Township should implement monitoring procedures to ensure compliance with 5705.36(A)(4). Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

Client Response: The Township will implement procedures to monitor actual resources and secure reduced amended certificates and corresponding reductions in appropriations when required.

FINDING NUMBER 2009-002

MATERIAL NONCOMPLIANCE/MATERIAL WEAKNESS

Ohio Administrative Code Section 117-2-02A directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC. OAC Section 117-2-02D allows the records to be maintained manually or in a computerized format and requires the following: 1) Cash journal with the amount, date, receipts number, check number, account code and any other information necessary to properly classify the transaction; 2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payer, purpose, receipt number and other information necessary to record the transaction on this ledger, and; 3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriations resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursements, uncommitted balance of appropriations and any other information required may be inter in the appropriate columns.

Several receipt and disbursement transactions were incorrectly posted to the proper fund and/or account. This did not allow the Fiscal Officer to accurately reflect the financial transactions for the Township.

The fact that the posting errors resulting in reclassification and adjusting entries occurred indicates a significant deficiency in the internal controls of financial record keeping and reporting and resulted in the inaccurate reflection of the receipts and disbursements of the Township for 2009 and 2008.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and the description of the accounts in the UAN Manual and the Township Handbook and maintain the ledgers in the manner prescribed therein.

Client Response: The Fiscal Officer will implement procedures to help ensure that the financial transactions of the Township are posted correctly.

**WASHINGTON TOWNSHIP
PICKAWAY COUNTY
DECEMBER 31, 2009 AND 2008**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-1	Material Weakness Sound financial reporting	No	Reissued as Finding 2009-002



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

PICKAWAY 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 24, 2010**