

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Washington Township
16014 Gilmore Road SE
Port Washington, Ohio 43837

We have reviewed the *Independent Accountants' Report* of Washington Township, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Accountants' 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 Accountants' 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

October 25, 2010

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**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

August 11, 2010

Washington Township
Tuscarawas County
16014 Gilmore Road SE
Port Washington, OH 43837

To the Board of Trustees:

We have audited the accompanying financial statements of **Washington Township, Tuscarawas 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. We believe our audit provides a reasonable basis for our opinion.

The accompanying financial statements present receipts and disbursements by fund type totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

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 the GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. 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 their changes in financial position for the year then ended.

Also, in our opinion, except for the omission of receipt and disbursement classifications, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances for Washington Township, Tuscarawas County, as of December 31, 2009 and 2008, and its combined unclassified cash receipts and unclassified cash disbursements for the years then ended on the basis of accounting described in Note 1.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**WASHINGTON TOWNSHIP
TUSCARAWAS 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Cash Receipts	\$ 178,475	\$ 103,545	\$ 282,020
Total Cash Receipts	<u>178,475</u>	<u>103,545</u>	<u>282,020</u>
Cash Disbursements:			
Cash Disbursements	175,438	89,721	265,159
Total Cash Disbursements	<u>175,438</u>	<u>89,721</u>	<u>265,159</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,037</u>	<u>13,824</u>	<u>16,861</u>
Fund Cash Balances, January 1	<u>28,299</u>	<u>40,774</u>	<u>69,073</u>
Fund Cash Balances, December 31	<u>\$ 31,336</u>	<u>\$ 54,598</u>	<u>\$ 85,934</u>

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

	Fiduciary Fund Type
	Agency Fund
Cash Receipts:	
Cash Receipts	\$ -
Total Cash Receipts	-
Cash Disbursements:	
Cash Disbursements	-
Total Cash Disbursements	-
Total Cash Receipts Over/(Under) Cash Disbursements	-
Fund Cash Balances, January 1	2,858
Fund Cash Balances, December 31	\$ 2,858

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Cash Receipts	\$ 87,228	\$ 132,748	\$ 219,976
Total Cash Receipts	<u>87,228</u>	<u>132,748</u>	<u>219,976</u>
Cash Disbursements:			
Cash Disbursements	<u>75,875</u>	<u>149,084</u>	<u>224,959</u>
Total Cash Disbursements	<u>75,875</u>	<u>149,084</u>	<u>224,959</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>11,353</u>	<u>(16,336)</u>	<u>(4,983)</u>
Fund Cash Balances, January 1	<u>16,946</u>	<u>57,110</u>	<u>74,056</u>
Fund Cash Balances, December 31	<u>\$ 28,299</u>	<u>\$ 40,774</u>	<u>\$ 69,073</u>

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

	Fiduciary Fund Type
	Agency Fund
Cash Receipts:	
Cash Receipts	\$ -
Total Cash Receipts	-
Cash Disbursements:	
Cash Disbursements	-
Total Cash Disbursements	-
Total Cash Receipts Over/(Under) Cash Disbursements	-
Fund Cash Balances, January 1	2,858
Fund Cash Balances, December 31	\$ 2,858

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Tuscarawas County, (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 and publicly elected Fiscal Officer. The Township provides road and bridge maintenance and cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Rush Township Volunteer Fire Department and the Newcomerstown Emergency Rescue Squad to provide fire protection services. The Tri-County Joint Ambulance District provides 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 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).

The Township did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000). This Ohio Administrative Code Section requires classifying receipts and disbursements.

These statements include adequate disclosure of material matters except for classifications of receipts and disbursements, as prescribed or permitted by the Auditor of State.

C. Deposits and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking account and STAR Ohio. The investment in STAR Ohio is valued at share values the mutual fund reports.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Motor Vehicle Licenses Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

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

3. Fiduciary Fund (Agency Fund)

This fund is used to account for resources held by the Township in a trustee capacity or agent for individuals or private organizations. The Township has an agency fund for a performance bond. This fund is purely custodial in nature and when the work is completed, the money is to be returned to the company who posted the bond.

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, and 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 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 commitments are made. The Township did not use the encumbrance method of accounting, as required by Ohio law.

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand Deposits	\$ 81,901	\$ 65,059
STAR Ohio	6,891	6,872
Total Deposits and Investments	\$ 88,792	\$ 71,931

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

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 183,211	\$ 178,475	\$ (4,736)
Special Revenue	121,900	103,545	(18,355)
Total	\$ 305,111	\$ 282,020	\$ (23,091)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 160,760	\$ 175,438	\$ (14,678)
Special Revenue	162,674	89,721	72,953
Total	\$ 323,434	\$ 265,159	\$ 58,275

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 87,228	\$ 87,228
Special Revenue	-	132,748	132,748
Total	\$ -	\$ 219,976	\$ 219,976

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 75,875	\$ (75,875)
Special Revenue	-	149,084	(149,084)
Total	\$ -	\$ 224,959	\$ (224,959)

4. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
First National Bank of Dennison - Truck Loan	\$ 23,600	5.00%
First National Bank of Dennison - Backhoe Loan	50,762	4.42%
Total Debt Outstanding at December 31, 2009	\$ 74,362	

The Truck loan was issued in August of 2004 for \$55,000. The loan will be paid off in annual payments of \$7,850 plus interest. The final payment will be made in March of 2012.

The Backhoe loan was issued in March of 2009 for \$50,762. The loan will be paid off in annual payments of \$10,150 plus interest. The final payment will be made in March of 2014.

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

Year ending December 31:	Truck Loan	Backhoe Loan
2010	\$ 9,046	\$ 12,465
2011	8,646	12,010
2012	8,302	11,554
2013	-	11,099
2014	-	10,617
Total	\$ 25,994	\$ 57,745

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

5. PROPERTY TAX (Continued)

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

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

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

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

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

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

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

7. RISK MANAGEMENT (Continued)

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

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

8. JOINTLY GOVERNED ORGANIZATIONS

A. Tuscarawas County Regional Planning Commission (Commission)

The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions, and services of the country.

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

August 11, 2010

Washington Township
Tuscarawas County
16014 Gilmore Rd SE
Port Washington, OH 43837

To the Board of Trustees:

We have audited the financial statements of **Washington Township, Tuscarawas County**, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 11, 2010, which was qualified since the Township did not classify receipts and disbursements in the financial statements and 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 opinions 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 the 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 considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-002 and 2009-004 as described in the accompanying schedule of findings to be material weaknesses.

Internal Control Over Financial Reporting (Continued)

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-001 and 2009-003 described in the accompanying schedule of findings to be significant deficiencies.

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 that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 11, 2010.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance Citation/ Significant Deficiency

Ohio Revised Code Section 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it.

During the audit period the Fiscal Officer did not deposit in a timely manner.

We recommend the Township take steps to ensure deposits are made timely as required by Ohio Rev. Code. In addition, the Township could adopt the above-mentioned policy to allow deposits of less than \$1,000 to be deposited within three business days.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2009-002

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Township did not prepare or file the Annual Financial Report with the Auditor of the State's office in 2009 and 2008. In addition, no evidence was presented for the audit to indicate the Township published a notice in a local newspaper stating the financial report is available for public inspection.

We recommend the Annual Financial Report be compiled from the Township's accounting system and be reconciled. In addition, the Township should publish notice in a local newspaper that the financial report is available for public inspection, and file said report with the Auditor of State within 60 days of the fiscal year end.

Management's Response – We did not receive a response from officials to this finding.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-003

Noncompliance Citation/ Significant Deficiency

26 Code of Federal Regulations Section 1.6041-2 provides that wages, as defined in 26 United States Code Section 3401 should be reported on a Form W-2, or "all other payments of compensation" are to be reported on a form 1099". 26 United States 3402 states "...every employer making payment of wages shall deduct and withhold upon such wages as determined in accordance with the tables or computation procedures prescribed by the Secretary of the Treasury".

The Township did not issue an IRS Form 1099 for independent contractor services rendered during 2009 and 2008 for which the Township paid the contractors over \$600.

The Township should issue a Form 1099 to all independent, unincorporated contractors to whom the Township pays \$600 or more in a given calendar year.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2009-004

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and expenditures were not always posted correctly. For example;

- Kilowatt Excess Tax and Public Utilities Tax receipts were posted as Adjustments and Refunds instead of Intergovernmental in the General Fund in 2009 & 2008.
- Kilowatt Excess Tax, Manufactured Home Tax, and a Miscellaneous Refund check were posted as Property Taxes, instead of Intergovernmental and Miscellaneous Income in the Road and Bridge Fund in 2008.
- Debt payments were posted as Principal, instead of Principal and Interest in the General Fund in 2009 and 2008.
- Loan proceeds for the purchase of a backhoe, were recorded as Other Receipts, instead of Note Proceeds in the General Fund in 2009.

This resulted in the financial statements presenting receipts and disbursements in total by fund type only.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

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

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	26 Code of Federal Regulations Section 1.6041-2 – Filing IRS Form 1099.	No	Repeated as Finding 2009-003.
2007-002	ORC Section 9.38 – Requires that all public monies be deposited in a timely fashion.	No	Repeated as Finding 2009-001.
2007-003	OAC Section 117-2-02 (A) – Requires that all public offices maintain sufficient accounting system.	Yes	
2007-004	ORC Section 117.38 – Requires that all public offices file an annual report with the Auditor of the State of Ohio.	No	Repeated as Finding 2009-002.
2007-005	ORC Section 149.351(A) – Prohibits the destruction or damage of records.	Yes	
2007-006	ORC Section 5705.28 – Taxing authority shall authorize necessary tax levies.	Yes	
2007-007	ORC Section 5705.36 – Total amount from all sources which are available for expenditures file with county.	No	Repeated as Citation in Management Letter.
2007-008	ORC 5705.38 – Annual appropriations filed with county.	No	Repeated as Citation in Management Letter.
2007-009	ORC 5705.41 (B) – Prohibits expenditures unless money has been properly appropriated	No	Repeated as Citation in Management Letter.
2007-010	ORC 5705.41(D) – Expenditures properly encumbered.	No	Repeated as Citation in Management Letter.
2007-011	Posting receipts and expenditures	No	Repeated as Finding 2009-004.
2007-012	Cash reconciliations	No	Repeated as Recommendation Management Letter.
2007-013	Posting estimated revenues and appropriations	No	Repeated as Recommendation in Management Letter.
2007-014	Performance bond fund	No	Repeated as Recommendation in Management Letter.



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

TUSCARAWAS 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 4, 2010**