

Lewis Township  
Brown County, Ohio

Regular Audit

For the Years Ended December 31, 2010 and 2009  
Fiscal Years Audited Under GAGAS: 2010 and 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Dave Yost • Auditor of State

Board of Trustees  
Lewis Township  
3025 Eden Road  
Hamersville, Ohio 45130

We have reviewed the *Independent Auditor's Report* of Lewis Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2010. 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. Lewis Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 19, 2011

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### Independent Auditor's Report

Lewis Township  
Brown County  
3025 Eden Road  
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the accompanying financial statements of Lewis Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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.

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.

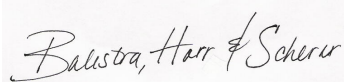
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, 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 Lewis Township, Brown County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Lewis Township  
Brown County  
Independent Auditors' Report  
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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 June 28, 2011, 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.

June 28, 2011

**LEWIS TOWNSHIP  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property Taxes	\$ 37,400	\$ 85,704	\$ -	\$ -	\$ 123,104
Intergovernmental	35,329	113,428	92,976	-	241,733
Earnings on Investments	1,452	14	-	6,011	7,477
Other	200	1,800	-	-	2,000
Total Cash Receipts	<u>74,381</u>	<u>200,946</u>	<u>92,976</u>	<u>6,011</u>	<u>374,314</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	34,653	5	-	-	34,658
Public Safety	-	74,823	-	-	74,823
Public Works	10,250	127,171	-	-	137,421
Health	45,200	761	-	13,230	59,191
Capital Outlay	1,400	25,165	92,976	1,600	121,141
Debt Service:					
Redemption of Principal	3,999	-	-	1,999	5,998
Interest and Fiscal Charges	878	-	-	439	1,317
Total Cash Disbursements	<u>96,380</u>	<u>227,925</u>	<u>92,976</u>	<u>17,268</u>	<u>434,549</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(21,999)</u>	<u>(26,979)</u>	<u>-</u>	<u>(11,257)</u>	<u>(60,235)</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	4,000	-	-	-	4,000
Total Other Financing Receipts/(Disbursements)	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(17,999)	(26,979)	-	(11,257)	(56,235)
<b>Fund Cash Balances, January 1</b>	<u>27,510</u>	<u>147,075</u>	<u>-</u>	<u>404,421</u>	<u>579,006</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 9,511</u>	<u>\$ 120,096</u>	<u>\$ -</u>	<u>\$ 393,164</u>	<u>\$ 522,771</u>

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



**LEWIS TOWNSHIP  
BROWN 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>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 34,778	\$ 86,414	\$ -	\$ 121,192
Intergovernmental	109,424	113,154	-	222,578
Earnings on Investments	1,875	28	10,604	12,507
Other	200	1,700	-	1,900
	<u>146,277</u>	<u>201,296</u>	<u>10,604</u>	<u>358,177</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	39,880	3,291	-	43,171
Public Safety	-	73,774	-	73,774
Public Works	3,610	89,937	-	93,547
Health	50,000	230	19,279	69,509
Capital Outlay	5,000	160	-	5,160
Debt Service:				
Redemption of Principal	12,894	-	6,818	19,712
Interest and Fiscal Charges	1,351	-	794	2,145
	<u>112,735</u>	<u>167,392</u>	<u>26,891</u>	<u>307,018</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>33,542</u>	<u>33,904</u>	<u>(16,287)</u>	<u>51,159</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	33,542	33,904	(16,287)	51,159
<b>Fund Cash Balances, January 1</b>	<u>(6,032)</u>	<u>113,171</u>	<u>420,708</u>	<u>527,847</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 27,510</u>	<u>\$ 147,075</u>	<u>\$ 404,421</u>	<u>\$ 579,006</u>

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

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009

**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 Lewis Township, Brown County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road maintenance and cemetery maintenance. The Township contracts with the Village of Higginsport and Clark Township in Brown County, to provide fire protection and life squad services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Deposits**

The Township deposits all available funds in a checking account and certificates of deposit at a local commercial bank. All deposits are valued at cost.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fire and EMS Levy Fund – This fund receives proceeds from the property tax levy for providing fire protection and emergency medical services to the Township residents.

**3. Permanent Funds**

These funds account 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 significant permanent fund:

Wilson Trust – This fund received a large settlement from the Beatrice Wilson estate. Per instructions from the decedent's will, the earnings on the principal are to be 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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.

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2010</b>	<b>2009</b>
Demand Deposits	\$ 87,224	\$ 143,459
Certificates of Deposit	435,547	435,547
Total Deposits	\$ 522,771	\$ 579,006

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,627	\$ 78,381	\$ (1,246)
Special Revenue	206,369	200,946	(5,423)
Capital Projects	92,976	92,976	-
Permanent Fund	6,280	6,011	(269)
Total	\$ 385,252	\$ 378,314	\$ (6,938)

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,510	\$ 96,380	\$ 4,130
Special Revenue	345,101	227,925	117,176
Capital Projects	92,976	92,976	-
Permanent Fund	25,154	17,268	7,886
Total	\$ 563,741	\$ 434,549	\$ 129,192

**2009 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,203	\$ 146,277	\$ 2,074
Special Revenue	208,529	201,296	(7,233)
Permanent Fund	9,260	10,604	1,344
Total	\$ 361,992	\$ 358,177	\$ (3,815)

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 144,505	\$ 112,735	\$ 31,770
Special Revenue	318,199	167,392	\$ 150,807
Permanent	23,032	26,891	\$ (3,859)
Total	\$ 485,736	\$ 307,018	\$ 178,718

See Note 8 for details of material noncompliance with Ohio Budgetary Laws.

**4. PROPERTY TAX**

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

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

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, 2010 was as follows:

	Principal	Interest Rate
Tractor Note	\$ 13,242	7%
Total	\$ 13,242	

In 2005, the Township entered into a lease-purchase agreement for the purchase of a new dump truck from the Ohio Township Association. Semi-annual lease payments are made to Key Bank. The loan was paid in full during 2009.

In 2007, the Township borrowed money from Citizen Bank to purchase a tractor. The loan is for five years.

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

Year Ending December 31:	Tractor Note
2011	\$ 7,315
2012	7,314
Total	\$ 14,629

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). 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.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, 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, 2010.

**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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform to the generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, 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 \$6,000.

Lewis Township  
Brown County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**7. RISK MANAGEMENT (Continued)**

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. The Township's contributions to OTARMA for the past three years are as follows:

Contributions to OTARMA	
2010	\$ 3,022
2009	\$ 2,450
2008	\$ 2,894

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**8. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.39, the Township had appropriations in excess of estimated resources.

Contrary to Ohio Revised Code Section 5705.36(A)(4), the Township had appropriations in excess of actual resources.

Contrary to Ohio Revised Code Section 5705.41(D), the Township did not lawfully appropriate funds prior to expenditure, and a Then and Now Certificate was not used.



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

Lewis Township  
Brown County  
3025 Eden Road  
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the financial statements of Lewis Township, Brown County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 28, 2011, 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 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.

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 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 a material weaknesses, as defined above.

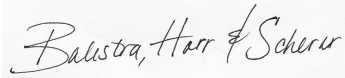
**Compliance and Other Matters**

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-003.



Lewis Township  
Brown County  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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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.



Balestra, Harr & Scherer, CPAs, Inc.  
June 28, 2011

**LEWIS TOWNSHIP  
BROWN COUNTY  
DECEMBER 31, 2010 AND 2009  
SCHEDULE OF FINDINGS**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment or the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

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

- B. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- C. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Fiscal Officer’s certification was not utilized for any disbursement made by the Township. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation.

The Township should certify purchases to which 5705.41(D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Client Response:**

We received no response from officials regarding the above finding.

**LEWIS TOWNSHIP  
BROWN COUNTY  
DECEMBER 31, 2010 AND 2009  
SCHEDULE OF FINDINGS**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-002**

**Material Noncompliance**

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources in the General, Motor Vehicle License Tax, Gasoline Tax, and Cemetery funds by \$6,334, \$1,483, \$1,509, and \$1,300, respectively at December 31, 2009 .

Failure to receive an Amended Certificate of Estimated Resources from the County Auditor results in an inability to approve appropriations which do not exceed total resources. The Township's Fiscal Officer should monitor to ensure that appropriations from each fund do not exceed the total amount of estimated resources.

**Client Response:**

We received no response from officials regarding the above finding.

**FINDING NUMBER 2010-003**

**Material Noncompliance**

Ohio Rev. 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.

The Township had appropriations in excess of actual resources in the Permissive Motor Vehicle License fund in 2010 by \$103 and in the General, Gasoline Tax, Cemetery, and Permissive Motor Vehicle License funds in 2009 by \$4,260, \$1,958, \$300, and \$370, respectively.

The Township's Fiscal Officer should review the certificate of estimated resources and when it becomes apparent that the level of receipts will fall below the estimated resources, a reduced amended certificate should be obtained.

**Client Response:**

We received no response from officials regarding the above finding.

**LEWIS TOWNSHIP  
BROWN COUNTY  
DECEMBER 31, 2010 AND 2009**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2008-001	ORC Section 135.21 – Investment earnings	Yes	
2008-002	ORC 5705.41(D) – Proper use of purchase orders	No	Reissued as 2010-001
2008-003	OAC Section 117-2-01(D) – controls over accounting and reporting	Yes	

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# Dave Yost • Auditor of State

LEWIS TOWNSHIP

SUMMIT 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 2, 2011