



**WASHINGTON TOWNSHIP
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP
LUCAS COUNTY

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Mary Taylor, CPA
Auditor of State

Washington Township
Lucas County
5714 Blessing Drive, P.O. Box 5133
Toledo, Ohio 43611-5133

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 8, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Lucas County
5714 Blessing Drive, P.O. Box 5133
Toledo, Ohio 43611-5133

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Lucas County, (the Township) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above, for the years ended December 31, 2006 and 2005, 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, 2006 and 2005, 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, Lucas County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

February 8, 2008

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$48,530	\$847,289		\$895,819
Licenses, Permits, and Fees	15,185	45		15,230
Fines and Forfeitures	8,363	8,266		16,629
Intergovernmental	61,652	208,523	\$11,814	281,989
Special Assessments		1,168		1,168
Earnings on Investments	22,137	1,666		23,803
Miscellaneous	32,925	34,164		67,089
	<u>188,792</u>	<u>1,101,121</u>	<u>11,814</u>	<u>1,301,727</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	168,795	21,435		190,230
Public Safety	1,037	712,257		713,294
Public Works	438	179,025		179,463
Conservation - Recreation		41,056		41,056
Capital Outlay	1,611	82,571	11,814	95,996
Debt Service:				
Redemption of Principal		84,334		84,334
Interest and Other Fiscal Charges		7,208		7,208
	<u>171,881</u>	<u>1,127,886</u>	<u>11,814</u>	<u>1,311,581</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>16,911</u>	<u>(26,765)</u>		<u>(9,854)</u>
Other Financing Receipts :				
Other Financing Sources	<u>48</u>	<u>2,893</u>		<u>2,941</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	16,959	(23,872)		(6,913)
Fund Cash Balances, January 1	<u>61,128</u>	<u>570,347</u>	<u>1,594</u>	<u>633,069</u>
Fund Cash Balances, December 31	<u><u>\$78,087</u></u>	<u><u>\$546,475</u></u>	<u><u>\$1,594</u></u>	<u><u>\$626,156</u></u>

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$45,076	\$855,513		\$900,589
Licenses, Permits, and Fees	14,595	48		14,643
Fines and Forfeitures	622	10,588		11,210
Intergovernmental	60,447	213,286	\$204,188	477,921
Special Assessments		23,226		23,226
Earnings on Investments	12,213	919		13,132
Miscellaneous	1,122	24,765		25,887
	<u>134,075</u>	<u>1,128,345</u>	<u>204,188</u>	<u>1,466,608</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	133,616	23,648		157,264
Public Safety	935	602,364		603,299
Public Works	230	274,816		275,046
Health	8,741			8,741
Conservation - Recreation		28,216		28,216
Capital Outlay	362	136,843	204,188	341,393
Debt Service:				
Redemption of Principal		28,553		28,553
Interest and Other Fiscal Charges		1,528		1,528
	<u>143,884</u>	<u>1,095,968</u>	<u>204,188</u>	<u>1,444,040</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(9,809)</u>	<u>32,377</u>		<u>22,568</u>
Other Financing Receipts / (Disbursements):				
Sale of Assets	18,003			18,003
Other Financing Sources		87,406		87,406
Other Financing Uses	<u>(7,439)</u>			<u>(7,439)</u>
Total Other Financing Receipts	<u>10,564</u>	<u>87,406</u>		<u>97,970</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	755	119,783		120,538
Fund Cash Balances, January 1	<u>60,373</u>	<u>450,564</u>	<u>1,594</u>	<u>512,531</u>
Fund Cash Balances, December 31	<u><u>\$61,128</u></u>	<u><u>\$570,347</u></u>	<u><u>\$1,594</u></u>	<u><u>\$633,069</u></u>

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Lucas County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services. The Township contracts with Lucas County to provide ambulance services.

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

B. Accounting Basis

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

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

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAR Ohio is recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

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

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:

Police Special Levy – This fund receives property tax and fine money to equip and operate the Police Department.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fire Special Levy – This fund receives property tax money to equip and operate the Fire Department.

3. Capital Project Funds

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

Issue II Fund – The Township received grant and loan monies from the State of Ohio to pay for resurfacing Township roads.

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 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.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2006	2005
Demand deposits	\$174,203	\$14,920
STAR Ohio	451,953	618,149
Total deposits and investments	\$626,156	\$633,069

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

Investments: 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 ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,600	\$188,840	\$15,240
Special Revenue	1,133,550	1,104,014	(29,536)
Capital Projects	101,000	11,814	(89,186)
Total	\$1,408,150	\$1,304,668	(\$103,482)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$182,370	\$171,881	\$10,489
Special Revenue	1,468,950	1,127,886	341,064
Capital Projects	119,870	11,814	108,056
Total	\$1,771,190	\$1,311,581	\$459,609

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$152,000	\$152,078	\$78
Special Revenue	1,160,051	1,215,751	55,700
Capital Projects	242,000	204,188	(37,812)
Total	\$1,554,051	\$1,572,017	\$17,966

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY – (CONTINUED)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$165,302	\$151,323	\$13,979
Special Revenue	1,353,507	1,095,968	257,539
Capital Projects	225,503	204,188	21,315
Total	\$1,744,312	\$1,451,479	\$292,833

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2006, was as follows:

	Principal	Interest Rate
2001 Cuprya-Jasik OPWC Loan	\$26,509	0%
2003 Raintree OPWC Loan	53,640	0%
2005 Point Pleasant OPWC Loan	61,355	0%
2006 Fullers Creekside OPWC Loan	80,216	0%
Park District Bond	7,500	2.75%
Shoreland Avenue Commercial Loan	135,652	4.34%
Total	\$364,872	

The 2001 Cuprya-Jasik OPWC loan relates to a subdivision road project in the Township. The OPWC approved \$84,438, interest free, to be paid in semiannual installments for 10 years.

The 2003 Raintree OPWC loan relates to a Township road project. The OPWC approved \$89,400, interest free, to be paid in semiannual installments for 10 years.

The 2005 Point Pleasant OPWC loan relates to a road project at Point Pleasant Cove. The OPWC approved \$68,172, interest free, to be paid in semiannual installments for 20 years.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. DEBT – (CONTINUED)

The 2006 Fullers Creekside OPWC loan relates to the Fullers Creekside Glen Roads project. The Township received \$202,938 from OPWC, of which \$84,438 was an interest-free loan, payable in semiannual installments for 10 years.

The Washington Township Park District issued a bond on July 1, 2002, in the amount of \$75,000 at 2.75% for a term of five years for the purpose of paying a portion of the cost of improving Shoreland Park by constructing, furnishing, and equipping a new shelter house. Interest and principal payments are due semiannually to Key Bank National Association. The bond was collateralized by the taxing authority of the District. When the Township acquired the Park District operations in 2005, they took over payment of the bond.

In October 2005, the Township entered into a promissory note agreement with Fifth Third Bank, in the amount of \$150,000, for the purchase of property on Shoreland Avenue, to be used to house the Township's fire department. The promissory note bears interest at a fixed annual rate equal to 4.34%, matures on October 15, 2012, and is payable in monthly installments.

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

Year ending December 31:	2001 Cuprya- Jasik OPWC	2003 Raintree OPWC	2005 Point Pleasant OPWC	2006 Fullers Creekside OPWC	Park District Bond	Shoreland Avenue Commercial Loan
2007	\$ 3,314	\$ 4,470	\$ 1,704	\$ 4,221	\$ 7,603	\$ 18,540
2008	6,627	8,940	3,409	8,444		18,540
2009	6,627	8,940	3,409	8,444		18,540
2010	6,627	8,940	3,409	8,444		18,540
2011	3,314	8,940	3,409	8,444		18,540
2012-2016		13,410	17,043	42,219		67,779
2017-2021			17,043			
2022-2026			11,929			
Total	<u>\$26,509</u>	<u>\$53,640</u>	<u>\$61,355</u>	<u>\$80,216</u>	<u>\$7,603</u>	<u>\$160,479</u>

6. CAPITAL LEASE – LESSEE DISCLOSURE

The Township entered into a capital lease agreement with E-One, Inc. for a Side-Mount Pumper fire truck on June 28, 2006. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The lease term is 10 years, with annual lease payments of \$19,727, an interest rate of 5.4% per annum, commencing on July 6, 2007.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. CAPITAL LEASE – LESSEE DISCLOSURE – (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2006:

Year Ending December 31,	Capital Leases
2007	\$19,727
2008	19,727
2009	19,727
2010	19,727
2011	19,727
2012 - 2016	98,634
Minimum Lease Payments	197,269
Less amount representing interest at the Township's incremental borrowing rate of interest	(47,859)
Present value of minimum lease payments	\$149,410

7. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, the Township's police officers contributed 10.1% of their wages. The Township contributed amounts in 2006 and 2005 of 16.93% and 16.70%, respectively. For 2006 and 2005, other OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

8. RISK MANAGEMENT

Risk Pool Membership

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

8. RISK MANAGEMENT – (CONTINUED)

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:

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

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

9. RELATED PARTY TRANSACTIONS

One of the Township Trustees is a cab owner with Checker Cab Company. Individual cab owners are also shareholders in the company. The Fiscal Officer is also an employee of the cab company. During the audit period, the Township entered into a contract with Checker Cab allowing Checker Cab to have keys and the use of up to five parking spaces at a Township-owned building. The agreement was for \$400/month. During the audit period, Checker Cab paid a total of \$2,723 to the Township. The Township Trustee discussed above abstained from voting on matters that pertained to the cab company. Also, effective December 31, 2007, the Trustee's term expired and re-election was not sought.

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Mary Taylor, CPA

Auditor of State

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

Washington Township
Lucas County
5714 Blessing Drive, P.O. Box 5133
Toledo, Ohio 43611-5133

To the Township Board of Trustees:

We have audited the financial statements of Washington Township, Lucas County, (the Township) as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated February 8, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits, rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated February 8, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

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



Mary Taylor, CPA
Auditor of State

February 8, 2008

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

Finding 2006-001

Non-Compliance Citation and Material Weakness

Ohio Revised Code §505.108 provides, in pertinent part, that proceeds of the sale of unneeded, obsolete or unfit-for-use property shall be paid to the fiscal officer of the township and credited to the township general fund.

The Township held a public auction in October 2005, in which they sold Township-owned property. Proceeds from the auction were collected by the Fiscal Officer and recorded in the Township's Permanent Improvement Fund (Capital Projects) rather than the General Fund.

This condition required adjustment to the 2005 financial statements and, below is the effect these adjustments:

	General	Permanent Fund
Miscellaneous Revenue		\$ (10,500)
Sales of Assets	\$ 18,003	(7,503)
Total	<u>\$ 18,003</u>	<u>\$ (18,003)</u>

The Township Fiscal Officer posted these adjustments to the Township records which are reflected in the accompanying financial statements.

We recommend the Township Fiscal Officer exercise due care in posting nonrecurring transactions and we recommend the Board of Trustees scrutinize such transactions in the future.

Officials Response

We did not receive a response from Officials to this finding.



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LUCAS 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
MARCH 6, 2008**