



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP
MUSKINGUM COUNTY

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Mary Taylor, CPA
Auditor of State

Washington Township
Muskingum County
3010 Adamsville Road
Zanesville, Ohio 43701

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

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Auditor of State

August 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Muskingum County
3010 Adamsville Road
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, 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, Muskingum County, Ohio, as of December 31, 2008 and 2007, 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 August 29, 2009, 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

August 29, 2009

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

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

| | <u>Governmental Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|--------------------------------------|-----------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Private Purpose Trust</u> | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$70,720 | \$224,266 | | \$294,986 |
| Licenses, Permits, and Fees | | 7,700 | | 7,700 |
| Intergovernmental | 40,265 | 132,095 | | 172,360 |
| Earnings on Investments | 2,017 | 494 | \$455 | 2,966 |
| Miscellaneous | 72 | 31,545 | | 31,617 |
| | | | | |
| Total Cash Receipts | <u>113,074</u> | <u>396,100</u> | <u>455</u> | <u>509,629</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 88,605 | 1,974 | | 90,579 |
| Public Safety | 3,300 | 147,809 | | 151,109 |
| Public Works | | 195,040 | | 195,040 |
| Health | | 10,524 | | 10,524 |
| Capital Outlay | | 40,000 | | 40,000 |
| | | | | |
| Total Cash Disbursements | <u>91,905</u> | <u>395,347</u> | <u>0</u> | <u>487,252</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>21,169</u> | <u>753</u> | <u>455</u> | <u>22,377</u> |
| Other Financing Receipts / (Disbursements): | | | | |
| Sale of Notes | | 40,000 | | 40,000 |
| Other Financing Sources | | 234 | | 234 |
| | | | | |
| Total Other Financing Receipts / (Disbursements) | <u>0</u> | <u>40,234</u> | <u>0</u> | <u>40,234</u> |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | 21,169 | 40,987 | 455 | 62,611 |
| Fund Cash Balances, January 1 | <u>61,850</u> | <u>124,399</u> | <u>8,985</u> | <u>195,234</u> |
| Fund Cash Balances, December 31 | <u>\$83,019</u> | <u>\$165,386</u> | <u>\$9,440</u> | <u>257,845</u> |

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

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|--------------------------------------|-----------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Private Purpose Trust</u> | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$59,094 | \$209,566 | | \$268,660 |
| Licenses, Permits, and Fees | | 7,100 | | 7,100 |
| Intergovernmental | 57,226 | 121,906 | | 179,132 |
| Earnings on Investments | 1,136 | 5,533 | \$450 | 7,119 |
| Miscellaneous | 1,094 | 2,226 | | 3,320 |
| | | | | |
| Total Cash Receipts | <u>118,550</u> | <u>346,331</u> | <u>450</u> | <u>465,331</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 83,588 | | | 83,588 |
| Public Safety | 3,300 | 126,721 | | 130,021 |
| Public Works | | 161,610 | | 161,610 |
| Health | | 7,681 | | 7,681 |
| Capital Outlay | | 60,968 | | 60,968 |
| | | | | |
| Total Cash Disbursements | <u>86,888</u> | <u>356,980</u> | <u>0</u> | <u>443,868</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>31,662</u> | <u>(10,649)</u> | <u>450</u> | <u>21,463</u> |
| Other Financing Receipts / (Disbursements): | | | | |
| Sale of Fixed Assets | 25,000 | | | 25,000 |
| Other Financing Sources | | 2,900 | | 2,900 |
| | | | | |
| Total Other Financing Receipts / (Disbursements) | <u>25,000</u> | <u>2,900</u> | <u>0</u> | <u>27,900</u> |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements | 56,662 | (7,749) | 450 | 49,363 |
| Fund Cash Balances, January 1 | <u>5,188</u> | <u>132,148</u> | <u>8,535</u> | <u>145,871</u> |
| Fund Cash Balances, December 31 | <u>\$61,850</u> | <u>\$124,399</u> | <u>\$8,985</u> | <u>195,234</u> |

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

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, Muskingum 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Washington Township Volunteer Fire Department to provide fire services and ambulance services.

The Township participates in the Zanesville-Washington Township Joint Economic Development District (JEDD), a joint venture, and the Ohio Government Risk Management Plan (OGRMP), a public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities.

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. Deposits and Investments

The Township values certificates of deposit at cost.

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:

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire District Fund - This fund receives property tax money for providing fire protection through contracts with the Washington Township Volunteer Fire Department.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are cemetery bequests for the maintenance of the Cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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 2008 and 2007 budgetary activity appears in Note 3.

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits

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

| | 2008 | 2007 |
|-------------------------|-----------|-----------|
| Demand deposits | \$248,405 | \$186,249 |
| Certificates of deposit | 9,440 | 8,985 |
| Total deposits | \$257,845 | \$195,234 |

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------------|----------------------|--------------------|----------|
| General | \$101,586 | \$113,074 | \$11,488 |
| Special Revenue | 439,819 | 436,334 | (3,485) |
| Private Purpose Trust | 458 | 455 | (3) |
| Total | \$541,863 | \$549,863 | \$8,000 |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------------|----------------------------|---------------------------|-----------|
| General | \$165,375 | \$91,905 | \$73,470 |
| Special Revenue | 540,270 | 395,347 | 144,923 |
| Private Purpose Trust | 9,295 | 0 | 9,295 |
| Total | \$714,940 | \$487,252 | \$227,688 |

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$137,741 | \$143,550 | \$5,809 |
| Special Revenue | 332,920 | 349,231 | 16,311 |
| Private Purpose Trust | 200 | 450 | 250 |
| Total | \$470,861 | \$493,231 | \$22,370 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$142,930 | \$86,888 | \$56,042 |
| Special Revenue | 465,067 | 356,980 | 108,087 |
| Private Purpose Trust | 8,735 | 0 | 8,735 |
| Total | \$616,732 | \$443,868 | \$172,864 |

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, 2008 was as follows:

| | | |
|----------------------|-----------|---------------|
| | Principal | Interest Rate |
| Road Equipment Notes | \$40,000 | 3.35% |

In 2008, the Township issued road equipment notes to finance the purchase of a dump truck for use in constructing, maintaining and repairing Township roads. The Township's taxing authority collateralized the notes.

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt (Continued)

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

| Year ending December 31: | Road Equipment Notes |
|-----------------------------|----------------------------|
| 2009 | \$20,871 |
| 2010 | 20,670 |
| Total | <u>\$41,541</u> |

6. Retirement System

The Township's employees and officials 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 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. Risk Management

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.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except 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.

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

| | 2007 | 2006 |
|-----------------|--------------------|--------------------|
| Assets | \$11,136,455 | \$9,620,148 |
| Liabilities | <u>(4,273,553)</u> | <u>(3,329,620)</u> |
| Members' Equity | <u>\$6,862,902</u> | <u>\$6,290,528</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. Joint Venture

The Zanesville-Washington Township Joint Economic Development District (JEDD) was created during 2000 pursuant to Ohio Revised Code Section 715.77. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, County, City, Village, Township and the JEDD. The JEDD is operated by a three member board. The Township and the City of Zanesville each appoint one member and these two JEDD members jointly appoint the third member of the JEDD.

The JEDD's board exercises total control over the budgeting, appropriation, contracting and management. The JEDD's board, pursuant to Ohio Revised Code Section 715.74, had implemented a 1.7 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City of Zanesville and the Township; however, the City and Township do not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the Township. The financial activity of the JEDD is presented as an agency fund for the City of Zanesville, as they are the fiscal agent for the JEDD. Complete financial information can be obtained from Zanesville-Washington Township Joint Economic Development District, Zanesville, Ohio.



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
Muskingum County
3010 Adamsville Road
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the financial statements of Washington Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 29, 2009, 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 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 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 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.

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We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-002.

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 and would not necessary identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 29, 2009.

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 matter that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 29, 2009.

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.



Mary Taylor, CPA
Auditor of State

August 29, 2009

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"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 of the amount due. The Township has thirty days from 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.
2. **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.
3. **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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to commitment for 8% and 25% of the expenditures tested in 2007 and 2008, respectively. There was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-001 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. Only when prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The Fiscal Officer should sign the certification prior to when a commitment is incurred, and only when the requirements of Section 5705.41(D) are satisfied.

Officials' Response: The officials chose not respond to this finding.

FINDING NUMBER 2008-002

Significant Deficiency – Posting of Amended Certificates

A well-designed budgetary system includes provisions to assure that only those amounts included in the certificate of estimated resources and any amendments thereto as approved by the County Budget Commission are posted to the entities books. Since appropriations are limited to estimated resources, it is important that correct amounts be posted as estimated receipts in order to monitor how close actual receipts are to estimated receipts.

For 2007, the Fiscal Officer did not post estimated receipts per the amended certificate of estimated resources accurately to the accounting system and in the notes to the financial statements for the funds listed below:

| Fund | Estimated Receipts per Amended Certificate | Estimated Receipts per Receipts Ledger | Variance |
|---------------------------|--------------------------------------------------|-------------------------------------------|------------|
| General | \$137,741 | \$142,930 | (\$5,189) |
| Motor Vehicle License Tax | \$11,000 | \$13,107 | (\$2,107) |
| Gasoline Tax | \$90,000 | \$120,856 | (\$30,856) |
| Road and Bridge | \$97,771 | \$172,536 | (\$74,765) |
| Cemetery | \$15,000 | \$33,048 | (\$18,048) |
| Fire District | \$119,149 | \$125,520 | (\$6,371) |

**WASHINGTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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**FINDING NUMBER 2008-002
(Continued)**

Significant Deficiency – Posting of Amended Certificates (Continued)

For 2008, the Fiscal Officer did not post estimated receipts per the amended certificate of estimated resources accurately to the accounting system and in the notes to the financial statements for the funds listed below:

| Fund | Estimated Receipts per Amended Certificate | Estimated Receipts per UAN system | Variance |
|-----------------|--------------------------------------------------|--------------------------------------|------------|
| General | \$101,586 | \$114,681 | (\$13,095) |
| Gasoline Tax | \$95,000 | \$95,234 | (\$234) |
| Road and Bridge | \$146,988 | \$131,039 | \$15,949 |
| Cemetery | \$13,250 | \$15,200 | (\$1,950) |
| Fire District | \$151,582 | \$153,004 | (\$1,422) |

This weakness could result in deficit spending.

We recommend the Fiscal Officer post only those amounts reflected in the certificate of estimated resources and any amendments thereto in the accounting system and in the notes to the financial statements.

Officials' Response: The officials chose not respond to this finding.



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

MUSKINGUM 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
SEPTEMBER 29, 2009**