

**WASHINGTON TOWNSHIP
UNION COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Washington Township
31683 State Route 31
West Mansfield, Ohio 43358

We have reviewed the *Independent Auditors' Report* of Washington Township, Union County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2007 through December 31, 2008. 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 Auditors' 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Washington Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 16, 2009

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Washington Township
Union County, Ohio

For the Years Ended
December 31, 2008 and 2007

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Independent Auditors' Report

Washington Township
Union County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Union 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 opinions 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 that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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 their 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 and reserves for encumbrances of Washington Township, Union 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 July 9, 2009 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

July 9, 2009

**Washington Township
Union County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008**

	Governmental Funds			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash receipts:				
Local taxes	\$ 47,654	-	-	47,654
Intergovernmental	22,889	90,525	-	113,414
Licenses, permits and fees	680	4,205	-	4,885
Earnings on investments	2,903	5,602	4	8,509
Fines and forfeitures	88	-	-	88
Other revenue	<u>1,655</u>	<u>675</u>	<u>-</u>	<u>2,330</u>
Total cash receipts	75,869	101,007	4	176,880
 Cash disbursements:				
Current:				
General government	60,208	-	-	60,208
Public safety	4,500	-	-	4,500
Public works	996	43,903	-	44,899
Health	5,724	1,369	-	7,093
Capital outlay	<u>4,659</u>	<u>840</u>	<u>-</u>	<u>5,499</u>
Total cash disbursements	<u>76,087</u>	<u>46,112</u>	<u>-</u>	<u>122,199</u>
Total receipts over (under) disbursements	(218)	54,895	4	54,681
Fund cash balances, January 1	<u>62,246</u>	<u>305,958</u>	<u>453</u>	<u>368,657</u>
Fund cash balances, December 31	\$ <u>62,028</u>	<u>360,853</u>	<u>457</u>	<u>423,338</u>
Reserve for encumbrances	\$ <u>576</u>	<u>-</u>	<u>-</u>	<u>576</u>

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

**Washington Township
Union County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007**

	<u>Governmental Funds</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash receipts:				
Local taxes	\$ 46,606	-	-	46,606
Intergovernmental	24,596	89,261	-	113,857
License, permits and fees	1,319	3,082	-	4,401
Earnings on investments	2,909	5,014	4	7,927
Fines and forfeitures	150	-	-	150
Other revenue	<u>3,414</u>	<u>1,720</u>	<u>-</u>	<u>5,134</u>
Total cash receipts	78,994	99,077	4	178,075
Cash disbursements:				
Current:				
General government	74,679	-	-	74,679
Public safety	3,500	-	-	3,500
Public works	779	28,907	-	29,686
Health	6,267	1,141	-	7,408
Capital outlay	<u>15,375</u>	<u>15,460</u>	<u>-</u>	<u>30,835</u>
Total cash disbursements	<u>100,600</u>	<u>45,508</u>	<u>-</u>	<u>146,108</u>
Total receipts over (under) disbursements	(21,606)	53,569	4	31,967
Fund cash balances, January 1	<u>83,852</u>	<u>252,389</u>	<u>449</u>	<u>336,690</u>
Fund cash balances, December 31	\$ <u>62,246</u>	<u>305,958</u>	<u>453</u>	<u>368,657</u>
Reserve for encumbrances	\$ <u>660</u>	<u>1,272</u>	<u>-</u>	<u>1,932</u>

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

Description of the Entity

Washington Township, Union County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, zoning and cemetery operations. The Township contracts with Northern Union County Fire Department and Southeast Hardin Ambulance District for emergency medical services.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State of Ohio.

Cash and Investments

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

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:

General Fund

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Permanent Funds

These funds are used to account for assets held under a trust agreement that are legally restricted to the extent that only earnings on principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund consists of money given to the Township to pay for upkeep of the Township cemetery. In accordance with the Trust, the Township only uses the interest income from the bond.

Budgetary Process

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

Appropriations

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

Estimated Resources

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Budgetary Process, continued

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

(2) Equity in Pooled Cash and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 318,338	263,657
Certificate of deposit	<u>105,000</u>	<u>105,000</u>
Total deposits and investments	\$ <u>423,338</u>	<u>368,657</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The certificate of deposit bears interest of 2.34% and matures in July 2009.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 74,020	75,869	1,849
Special Revenue	97,800	101,007	3,207
Permanent	<u>4</u>	<u>4</u>	<u>-</u>
Total	\$ <u>171,824</u>	<u>176,880</u>	<u>5,056</u>

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(3) Budgetary Activity, continued

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 148,170	76,663	71,507
Special Revenue	<u>218,800</u>	<u>46,112</u>	<u>172,688</u>
Total	\$ <u>366,970</u>	<u>122,775</u>	<u>244,195</u>

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 80,000	78,994	(1,006)
Special Revenue	99,800	99,077	(723)
Permanent	<u>4</u>	<u>4</u>	<u>-</u>
Total	\$ <u>179,804</u>	<u>178,075</u>	<u>(1,729)</u>

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 114,250	101,260	12,990
Special Revenue	<u>212,250</u>	<u>46,780</u>	<u>165,470</u>
Total	\$ <u>326,500</u>	<u>148,040</u>	<u>178,460</u>

(4) Property Tax

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

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(4) Property Tax, continued

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

(5) Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) 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 Workers' Compensation.

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

Casualty Coverage

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

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(6) Risk Management, continued

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

Financial Position

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

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	\$ <u>29,852,866</u>	\$ <u>29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

**Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(6) Risk Management, continued

Contributions to OTARMA

2006	\$ 3,135
2007	2,363
2008	2,559

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

(7) Commitments

During 2007 and 2008, the Township contracted with the Northern Union County Fire District and the Southeast Hardin Ambulance District for emergency medical services pursuant to contracts that expired on December 31, 2008. The Township expended \$4,500 and \$3,500 for these services in 2008 and 2007, respectively.

Beginning in August 2008, the Township also contracts with Hale Township, Hardin County for certain roadside mowing and snow plowing services at a cost of \$50 per hour.

(8) Compliance

Contrary to Ohio law:

- The Township made unsubstantiated disbursements to the Fiscal Officer.
- The Township did not issue Internal Revenue Service Forms 1099-MISC as required by the Internal Revenue Code.
- The Township did not seek an amended certificate of estimated resources in 2007 when actual receipts were less than budgeted by \$1,006 in the General Fund and \$723 in the Special Revenue Funds, however, we did not believe these amounts to be material to the financial statements.
- The Township did not report reserve for encumbrances at December 31, 2007 and 2008 for obligations that were incurred before the end of the year, but not paid for until the next year.

Washington Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(8) Compliance, continued

- Material reclassifications were required in order for the financial statements to be fairly stated.

(9) Subsequent Events

The Auditor of State is currently conducting a special audit of certain financial transactions of the Township. The results of the special audit are currently unknown and the impact of any results on the financial statements is currently unknown.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

Washington Township
Union County, Ohio

To the Board of Trustees:

We have audited the financial statements of Washington Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 9, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 considered Findings 2008-01 through 2008-03 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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 considered to be material weaknesses. However, we believe the significant deficiency described above as Finding 2008-01 is also a material weakness.

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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Findings 2008-01 through 2008-04.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated July 9, 2009.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

July 9, 2009

**Washington Township
Union County, Ohio
Schedule of Findings
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-01
Significant deficiency/material weakness

During our audit testing, we became aware that there were reimbursements to the fiscal officer totaling \$3,890 in 2007 and \$6,656 in 2008, respectively. There was documentation totaling \$1,197 to support these reimbursements.

Response by Township

Finding Number 2008-02
Significant deficiency

The Uniform Accounting Network Manual and the Ohio Township Handbook have appendices with a Township Chart of Accounts which details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the code.

We noted the following errors in the Township prepared financial statements that required reclassification:

- Disbursements totaling \$3,500 for the emergency medical services contracts were coded to general government instead of public safety in 2007
- Disbursements totaling \$4,500 for the emergency medical services contracts were coded to general government instead of public safety in 2008.
- Health insurance premiums of \$4,588 in the gasoline tax fund were charged to general government instead of public works in 2008.

These adjustments are reflected in the audited financial statements.

Response by Township

**Washington Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

Finding Number 2008-03
Significant deficiency

The Internal Revenue Code requires an entity to issue Internal Revenue Service Form 1099-MISC when payments for services performed for the entity by individuals not treated as employees total \$600 or more. In 2008, the Township wrote checks payable to an individual totaling \$2,700 and did not issue a Form 1099-MISC.

Response by Township

Finding Number 2008-04

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the Fiscal Officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as a fixed charge. During our search for unrecorded liabilities we identified contract payments totaling \$576 extending beyond the 2008 year end and \$1,932 extending beyond the 2007 year end that were not encumbered. These encumbrances are reflected in the audited financial statements.

Response by Township



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

UNION 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**