



Mary Taylor, CPA
Auditor of State

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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Mary Taylor, CPA
Auditor of State

Northwest Township
Williams County
17059 County Road 7
Montpelier, Ohio 43543-9504

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 21, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Township
Williams County
17059 County Road 7
Montpelier, Ohio 43543-9504

To the Board of Trustees:

We have audited the accompanying financial statements of Northwest Township, Williams County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or 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 Northwest Township, Williams County, as of December 31, 2009 and 2008, 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 June 21, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 21, 2010

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$31,250	\$97,657	\$128,907
Intergovernmental	30,851	115,481	146,332
Earnings on Investments	502	418	920
Miscellaneous	3,770	11,480	15,250
	<u>66,373</u>	<u>225,036</u>	<u>291,409</u>
Cash Disbursements:			
Current:			
General Government	85,606		85,606
Public Safety		12,139	12,139
Public Works		148,941	148,941
Health	8,525	12,534	21,059
Capital Outlay		33,807	33,807
Debt Service:			
Redemption of Principal		19,307	19,307
Interest and Other Fiscal Charges		7,887	7,887
	<u>94,131</u>	<u>234,615</u>	<u>328,746</u>
Total Cash Disbursements over Cash Receipts	<u>(27,758)</u>	<u>(9,579)</u>	<u>(37,337)</u>
Other Financing Cash Receipts			
Other Financing Sources		1,200	1,200
Excess of Cash Disbursements Over Cash Receipts and Other Financing Cash Receipts	(27,758)	(8,379)	(36,137)
Fund Cash Balances, January 1	45,996	123,861	169,857
Fund Cash Balances, December 31	<u>\$18,238</u>	<u>\$115,482</u>	<u>\$133,720</u>

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

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$30,420	\$95,669		\$126,089
Intergovernmental	32,870	118,473	\$9,882	161,225
Donation	64,020			64,020
Earnings on Investments	2,238	2,668		4,906
Miscellaneous	4,005	11,175		15,180
	133,553	227,985	9,882	371,420
Cash Disbursements:				
Current:				
General Government	144,943			144,943
Public Safety		12,330		12,330
Public Works		170,050		170,050
Health	7,319	10,009		17,328
Capital Outlay	1,250	42,220	9,882	53,352
Debt Service:				
Redemption of Principal	63,225	24,359		87,584
Interest and Other Fiscal Charges	867	3,150		4,017
	217,604	262,118	\$9,882	489,604
Total Cash Disbursements Over Cash Receipts	(84,051)	(34,133)		(118,184)
Other Financing Cash Receipts				
Other Financing Sources		1,650		1,650
Other Debt Proceeds	63,225			63,225
	63,225	1,650		64,875
Excess of Cash Disbursements Over Cash Receipts and Other Financing Cash Receipts	(20,826)	(32,483)		(53,309)
Fund Cash Balances, January 1	66,822	156,344		223,166
Fund Cash Balances, December 31	\$45,996	\$123,861		\$169,857

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

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

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 Northwest Township, Williams 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 and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits 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.

Investments were limited to STAR Ohio. This investment is recorded at share value that STAR Ohio reports.

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.

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

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

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

Fire District Fund - This fund receives tax money to provide for township fire protection equipment and services.

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:

Volunteer Firefighting Grant Fund - The Township received a grant from the State of Ohio to obtain protective clothing, communications, and miscellaneous equipment.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

The Township maintains a deposit and investments 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:

	2009	2008
Demand deposits	\$126,913	\$25,308
STAR Ohio	6,807	144,549
Total deposits and Investments	\$133,720	\$169,857

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,099	\$66,373	\$1,274
Special Revenue	232,596	226,236	(6,360)
Total	\$297,695	\$292,609	(\$5,086)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,095	\$94,131	\$16,964
Special Revenue	356,458	234,615	121,843
Total	\$467,553	\$328,746	\$138,807

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,200	\$196,778	\$3,578
Special Revenue	226,773	229,635	2,862
Capital Projects	9,882	9,882	
Total	\$429,855	\$436,295	\$6,440

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$260,021	\$217,604	\$42,417
Special Revenue	383,117	262,118	120,999
Capital Projects	9,882	9,882	
Total	\$653,020	\$489,604	\$163,416

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Bank Loan	\$56,000	4.504%

The Township obtained a bank loan for 10 years maturing on November 7, 2017 from Edon State Bank to finance the purchase of fire equipment. This loan is uncollateralized.

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

5. Debt (Continued)

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

Year ending December 31:	Edon Bank Loan
2010	\$8,848
2011	8,848
2012	8,848
2013	8,848
2014	8,848
2015-2017	22,961
Total	\$67,201

6. Capital Lease

The Township entered into a lease for a Sterling Truck. The lease is repaid from Gas Tax Fund.

Future Minimum lease payments are scheduled as follows:

Year Ending December 31:	Lease
2010	\$17,359
2011	17,359
2012	17,359
2013	17,359
2014	17,359
Total	\$86,795

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. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

8. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

8. Risk Management (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$9,000.

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

8. Risk Management (Continued)

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

<u>Contributions to OTARMA</u>	
2008	\$7,586
2009	\$8,958

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.

9. Loan Receivable

In fiscal year 2002, the Township issued a one year, interest free loan to the Northwest Water District, Williams County, Ohio. In Fiscal Year 2009, the Township Board of Trustees renewed the loan and approved an additional amount of \$9,950 to bring the total loan to \$17,950. This loan in the amount of \$17,950 is renewable on an annual basis at the discretion of the Township Board of Trustees.

10. Related Organization

The Northwest Water District, (the Water District), was established as a regional Water District pursuant to Chapter 6119 of the Ohio Revised Code. The Township appoints the Board of Trustees of the Water District. The Township is not financially accountable for the Water District. Transactions with the Water District have been described in Note 9 to the financial statements.

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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**

Northwest Township
Williams County
17059 County Road 7
Montpelier, Ohio 43543-9504

To the Board of Trustees:

We have audited the financial statements of Northwest Township, Williams County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 21, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will be prevented, or detected and timely corrected. We consider finding 2009-002 described in the accompanying schedule of findings to be 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 an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 21, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 21, 2010

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 505.24(A)(4) and (A)(5) provide that in a township having a 2009 budget of more than \$250,001 but not more than \$500,000, the compensation of the Township Trustee shall be forty-two dollars and forty-five cents per day for not more than two hundred days. Lynn Skiles, Township Trustee was paid \$9,003 in 2009.

The Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$467,552, thereby entitling the Trustees to be paid at a rate of \$42.45 per day. The Township Trustees' maximum annual salary amount for 2009 should have been \$8,490.

The Township, however, erroneously paid Lynn Skiles Township Trustee at the rate of \$45.02/day for the entire year. This resulted in an overpayment of \$513. These warrants were signed by the Trustees and the Fiscal Officer.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, findings for recovery for public moneys illegally expended are hereby issued against Lynn Skiles, and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, for \$513, in favor of the Township's General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Revised Code § 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Therefore, because Cecelia Hinkle, Township Fiscal Officer; Robert Kissinger, Township Trustee; and Dan Hickman, Township Trustee; approved and signed the warrant resulting in the improper payment, the following are jointly and severally liable for the entire amount of \$513: Cecelia Hinkle, Township Fiscal Officer; Robert Kissinger, Township Trustee; and Dan Hickman, Township Trustee; the Ohio Township Association Risk Management Authority, the bonding company for the Township Trustees; and the Travelers Casualty and Surety Company of America, the bonding company for the Township Fiscal Officer. This recovery is in favor of the General Fund of Northwest Township.

The Township Fiscal Officer and Township Trustees noted above for approving and signing the warrants resulting in the improper payments shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Lynn Skiles.

On June 24, 2010, Mr. Skiles repaid the Township \$513. It was recorded on the Township's financial records on the same day (receipt #573).

FINDING NUMBER 2009-002

Material Weaknesses - Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments:

1. In 2008 loan proceeds were posted as other revenue instead of other debt proceeds in the General Fund for \$63,225. Principal and interest charges paid from the General Fund for the Edon State Bank loan were posted as general government for a total of (\$64,092). A loan payment for fire equipment was posted as public safety instead of debt service (\$10,150). A lease payment for a truck was posted as capital outlay instead of debt service (\$17,359).
2. In 2009 a loan for fire equipment was posted as public safety instead of debt service (\$9,835). A lease payment for a truck was posted as capital outlay instead of debt service (\$17,359).

Sound financial reporting is the responsibility of the financial officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the audit committee, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the workbook for Township cash basis Annual Financial Report Workbook.

Officials' Response:

We received no response from Officials to the findings reported above.

**NORTHWEST TOWNSHIP
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting – Certain errors resulted adjustments to the financial statements.	No	Reissued as finding 2009-002 in this report.



Mary Taylor, CPA
Auditor of State

NORTHWEST TOWNSHIP

WILLIAMS 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
JULY 8, 2010**