



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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LEWIS TOWNSHIP
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2012 and 2011
Fiscal Years Audited Under GAGAS: 2012 and 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Lewis Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost
Auditor of State

May 29, 2013

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Lewis Township
Brown County, Ohio
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Independent Auditor's Report

Lewis Township, Brown County
3025 Eden Road
Hamersville, Ohio 45130

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Lewis Township, Brown County, (the Township), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Lewis Township, Brown County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As described in Note 9 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
April 5, 2013

Lewis Township, Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
 Governmental Funds
 For the Year Ended December 31, 2012

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 37,127	\$ 91,606	\$ -	\$ -	\$ 128,733
Intergovernmental	422,433	108,174	194,114	-	724,721
Interest	921	59	-	2,037	3,017
Miscellaneous	21,718	6,580	-	-	28,298
<i>Total Cash Receipts</i>	<u>482,199</u>	<u>206,419</u>	<u>194,114</u>	<u>2,037</u>	<u>884,769</u>
Cash Disbursements					
Current:					
General Government	50,780	4	-	-	50,784
Public Safety	-	69,930	-	-	69,930
Public Works	26,238	72,858	-	-	99,096
Health	48,811	837	-	3,050	52,698
Capital Outlay	-	7,666	192,251	-	199,917
<i>Total Cash Disbursements</i>	<u>125,829</u>	<u>151,295</u>	<u>192,251</u>	<u>3,050</u>	<u>472,425</u>
<i>Net Change in Fund Cash Balances</i>	356,370	55,124	1,863	(1,013)	412,344
<i>Fund Cash Balances, January 1</i>	<u>20,187</u>	<u>152,525</u>	<u>21,394</u>	<u>387,311</u>	<u>581,417</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	338,887	338,887
Restricted	-	207,649	23,257	47,411	278,317
Unassigned (Deficit)	376,557	-	-	-	376,557
<i>Fund Cash Balances, December 31</i>	<u>\$ 376,557</u>	<u>\$ 207,649</u>	<u>\$ 23,257</u>	<u>\$ 386,298</u>	<u>\$ 993,761</u>

See accompanying notes to the financial statements.

Lewis Township, Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
 Governmental Funds
 For the Year Ended December 31, 2011

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 35,935	\$ 84,649	\$ -	\$ -	\$ 120,584
Intergovernmental	40,913	110,062	28,636	-	179,611
Interest	1,072	18	-	3,833	4,923
Miscellaneous	2,340	1,500	-	-	3,840
<i>Total Cash Receipts</i>	<u>80,260</u>	<u>196,229</u>	<u>28,636</u>	<u>3,833</u>	<u>308,958</u>
Cash Disbursements					
Current:					
General Government	36,056	4	-	-	36,060
Public Safety	-	65,430	-	-	65,430
Public Works	2,500	84,683	-	-	87,183
Health	20,299	837	-	7,250	28,386
Capital Outlay	-	12,846	7,242	-	20,088
Debt Service:					
Principal Retirement	11,108	-	-	2,134	13,242
Interest and Fiscal Charges	629	-	-	302	931
<i>Total Cash Disbursements</i>	<u>70,592</u>	<u>163,800</u>	<u>7,242</u>	<u>9,686</u>	<u>251,320</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>9,668</u>	<u>32,429</u>	<u>21,394</u>	<u>(5,853)</u>	<u>57,638</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	1,008	-	-	-	1,008
<i>Total Other Financing Sources (Uses)</i>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008</u>
<i>Net Change in Fund Cash Balances</i>	10,676	32,429	21,394	(5,853)	58,646
<i>Fund Cash Balances, January 1</i>	<u>9,511</u>	<u>120,096</u>	<u>-</u>	<u>393,164</u>	<u>522,771</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	338,887	338,887
Restricted	-	152,525	21,394	48,424	222,343
Unassigned (Deficit)	20,187	-	-	-	20,187
<i>Fund Cash Balances, December 31</i>	<u>\$ 20,187</u>	<u>\$ 152,525</u>	<u>\$ 21,394</u>	<u>\$ 387,311</u>	<u>\$ 581,417</u>

See accompanying notes to the financial statements.

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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

The Township participates in the Ohio Township Risk Management Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 7 provides additional information regarding 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. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Deposits

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

D. Fund Accounting

The Township uses fund accounting to segregate cash 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 and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 and EMS Levy Fund – This fund receives property tax money to provide fire and ambulance protection for the Township residents.

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

FEMA – This fund was created to track grant funding received from a Federal Emergency Management Grant through the Ohio Department of Public Safety.

Ohio Public Works Commission - This fund was created to track grant funding and expenditures in relation to an Ohio Public Works Commission Grant received in 2012.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Wilson Trust – This fund received a large settlement from the Beatrice Wilson estate. Per instructions from the decedent's will, the earnings on the principal are to be used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

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

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

2. EQUITY IN POOLED CASH

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

	2012	2011
Demand Deposits	\$ 208,214	\$ 95,870
Certificates of Deposit	785,547	485,547
Total Deposits	\$ 993,761	\$ 581,417

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$ 481,740	\$ 482,199	\$ 459
Special Revenue	206,527	206,419	(108)
Capital Projects	216,980	194,114	(22,866)
Permanent	1,910	2,037	127
Total	\$ 907,157	\$ 884,769	\$ (22,388)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 502,035	\$ 125,829	\$ 376,206
Special Revenue	359,854	151,295	208,559
Capital Projects	238,374	192,251	46,123
Permanent	3,673	3,050	623
Total	\$ 1,103,936	\$ 472,425	\$ 631,511

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 81,264	\$ 81,268	\$ 4
Special Revenue	196,226	196,229	3
Capital Projects	28,636	28,636	-
Permanent	3,833	3,833	-
Total	\$ 309,959	\$ 309,966	\$ 7

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 90,775	\$ 70,592	\$ 20,183
Special Revenue	316,322	163,800	152,522
Capital Projects	28,636	7,242	21,394
Permanent	11,449	9,686	1,763
Total	\$ 447,182	\$ 251,320	\$ 195,862

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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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.

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

5. DEBT

In 2007, the Township borrowed money from Citizens Bank to purchase a tractor. The loan was for five years, and was paid in full in 2012.

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, which include postretirement healthcare and survivor and disability benefits as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

7. RISK MANAGEMENT

Risk Pool Membership

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

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

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

7. RISK MANAGEMENT (Continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$1,900.

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.

Contributions to OTARMA	
2012	\$2,817
2011	\$2,817
2010	\$3,022

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

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**LEWIS TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

9. FUND BALANCES

The Township implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Governmental Funds
12/31/2011					
Nonspendable					
Cemetery Endowment	\$0	\$0	\$0	\$338,887	\$338,887
Restricted for					
Motor Vehicle & License	0	1,797	0	0	1,797
Gas Tax	0	16,688	0	0	16,688
Cemetery Maintenance	0	2,811	0	48,424	51,235
Road and Bridge	0	2,709	0	0	2,709
Capital Improvements	0	0	21,394	0	21,394
Fire	0	128,520	0	0	128,520
Total Restricted	<u>0</u>	<u>152,525</u>	<u>21,394</u>	<u>48,424</u>	<u>222,343</u>
Unassigned (Deficit)	<u>20,187</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,187</u>
Total Fund Balances	<u>\$20,187</u>	<u>\$152,525</u>	<u>\$21,394</u>	<u>\$387,311</u>	<u>\$581,417</u>
12/31/2012					
Nonspendable					
Cemetery Endowment	\$0	\$0	\$0	\$338,887	\$338,887
Restricted for					
Motor Vehicle & License	0	4,796	0	0	4,796
Gas Tax	0	44,003	0	0	44,003
Cemetery Maintenance	0	8,554	0	47,411	55,965
Road and Bridge	0	4,299	0	0	4,299
Capital Improvements	0	0	23,257	0	23,257
Fire	0	145,997	0	0	145,997
Total Restricted	<u>0</u>	<u>207,649</u>	<u>23,257</u>	<u>47,411</u>	<u>278,317</u>
Unassigned (Deficit)	<u>376,557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>376,557</u>
Total Fund Balances	<u>\$376,557</u>	<u>\$207,649</u>	<u>\$23,257</u>	<u>\$386,298</u>	<u>\$993,761</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Lewis Township, Brown County, (the Township) as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, and have issued our report thereon dated April 5, 2013, wherein we noted the Township followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, described in Note 1 and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
April 5, 2013

**LEWIS TOWNSHIP, BROWN COUNTY
DECEMBER 31, 2012 AND 2011**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	ORC 5705.41(D) – Certification of availability of funds prior to obligation	Partially	Reissued as verbal comment
2010-002	ORC 5705.39 – Appropriations in excess of estimated resources	Partially	Reissued as verbal comment
2010-003	ORC 5705.36(A)(4) – Appropriations in excess of actual receipts, estimated receipts in excess of actual receipts	Partially	Reissued as verbal comment



Dave Yost • Auditor of State

LEWIS TOWNSHIP

BROWN 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
JUNE 11, 2013**