

**WHITEWATER TOWNSHIP
HAMILTON COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Whitewater Township
6101 Dry Fork Road
Cleves, Ohio 45002

We have reviewed the *Independent Accountants' Report* of Whitewater Township, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Accountants' 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 Accountants' 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. Whitewater Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 2, 2009

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**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 22, 2009

Whitewater Township
Hamilton County
6101 Dry Ford Road
Cleves, OH 45002

To the Board of Trustees:

We have audited the accompanying financial statements of **Whitewater Township, Hamilton County, Ohio**, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007 or their changes in financial position for the year 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 Whitewater Township, Hamilton 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 May 22, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

**WHITEWATER TOWNSHIP
HAMILTON 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**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 414,354 | \$ 918,006 | \$ 1,332,360 |
| Charges for Services | - | 152,562 | 152,562 |
| Licenses, Permits, and Fees | 8,575 | - | 8,575 |
| Fines and Forfeitures | 32 | - | 32 |
| Intergovernmental | 272,505 | 148,779 | 421,284 |
| Earnings on Investments | 12,081 | 8,446 | 20,527 |
| Miscellaneous | 69,512 | 8,981 | 78,493 |
| | <u>777,059</u> | <u>1,236,774</u> | <u>2,013,833</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 703,333 | 18,623 | 721,956 |
| Public Safety | - | 916,359 | 916,359 |
| Public Works | 17,852 | 196,641 | 214,493 |
| Health | 8,918 | - | 8,918 |
| Human Services | 4,511 | - | 4,511 |
| Debt Service: | | | |
| Redemption of Principal | - | 37,732 | 37,732 |
| Interest and Other Fiscal Charges | - | 6,771 | 6,771 |
| | <u>734,614</u> | <u>1,176,126</u> | <u>1,910,740</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over Disbursements | <u>42,445</u> | <u>60,648</u> | <u>103,093</u> |
| Other Financing Receipts: | | | |
| Sale of Fixed Assets | - | 5,227 | 5,227 |
| | <u>-</u> | <u>5,227</u> | <u>5,227</u> |
| Total Other Financing Receipts | | | |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements | 42,445 | 65,875 | 108,320 |
| Fund Cash Balances, January 1 (Restated - See Note 8) | \$ 721,054 | \$ 1,717,805 | \$ 2,438,859 |
| Fund Cash Balances, December 31 | <u>\$ 763,499</u> | <u>\$ 1,783,680</u> | <u>\$ 2,547,179</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 2,947</u> | <u>\$ 7,342</u> | <u>\$ 10,289</u> |

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

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**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 Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 425,094 | \$ 931,887 | \$ 1,356,981 |
| Charges for Services | - | 148,484 | 148,484 |
| Licenses, Permits, and Fees | 9,526 | - | 9,526 |
| Fines and Forfeitures | 163 | - | 163 |
| Intergovernmental | 632,431 | 113,972 | 746,403 |
| Earnings on Investments | 57,478 | 22,523 | 80,001 |
| Miscellaneous | 84,300 | 5,339 | 89,639 |
| | <u>1,208,992</u> | <u>1,222,205</u> | <u>2,431,197</u> |
| Total Cash Receipts | | | |
| | <u>1,208,992</u> | <u>1,222,205</u> | <u>2,431,197</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 737,844 | 9,503 | 747,347 |
| Public Safety | - | 782,646 | 782,646 |
| Public Works | 15,773 | 149,130 | 164,903 |
| Health | 3,864 | - | 3,864 |
| Human Services | 4,022 | - | 4,022 |
| Capital Outlay | - | 135,949 | 135,949 |
| Debt Service: | | | |
| Redemption of Principal | - | 13,900 | 13,900 |
| Interest and Other Fiscal Charges | - | 1,512 | 1,512 |
| | <u>761,503</u> | <u>1,092,640</u> | <u>1,854,143</u> |
| Total Cash Disbursements | | | |
| | <u>761,503</u> | <u>1,092,640</u> | <u>1,854,143</u> |
| Total Receipts Over/(Under) Disbursements | <u>447,489</u> | <u>129,565</u> | <u>577,054</u> |
| Other Financing Receipts: | | | |
| Debt Proceeds | - | 135,949 | 135,949 |
| Sale of Fixed Assets | - | 159,935 | 159,935 |
| | <u>-</u> | <u>295,884</u> | <u>295,884</u> |
| Total Other Financing Receipts | | | |
| | <u>-</u> | <u>295,884</u> | <u>295,884</u> |
| Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements | <u>447,489</u> | <u>425,449</u> | <u>872,938</u> |
| Fund Cash Balances, January 1 | <u>\$ 268,783</u> | <u>\$ 1,292,193</u> | <u>\$ 1,560,976</u> |
| Fund Cash Balances, December 31 | <u><u>\$ 716,272</u></u> | <u><u>\$ 1,717,642</u></u> | <u><u>\$ 2,433,914</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$ -</u></u> | <u><u>\$ 8,530</u></u> | <u><u>\$ 8,530</u></u> |

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

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Whitewater Township, Hamilton County, (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 and a publicly-elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, EMS services, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, 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 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

Investments in STAR Ohio are recorded at share values 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Fund:

Fire District Fund – This fund receives property tax money, which is used to pay for fire protection within the Township.

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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over and need not be reappropriated.

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

F. 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.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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 | \$1,979,207 | \$1,880,126 |
| STAR Ohio | <u>\$ 567,972</u> | <u>\$ 553,788</u> |
| Total Deposits and Investments | <u>\$2,547,179</u> | <u>\$2,433,914</u> |

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

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-------------------|
| General | \$ 650,481 | \$ 777,059 | \$ 126,578 |
| Special Revenue | 1,201,732 | 1,242,001 | 40,269 |
| Total | <u>\$ 1,852,213</u> | <u>\$ 2,019,060</u> | <u>\$ 166,847</u> |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-------------------|
| General | \$ 996,906 | \$ 737,561 | \$ 259,345 |
| Special Revenue | 1,822,016 | 1,183,468 | 638,548 |
| Total | <u>\$ 2,818,922</u> | <u>\$ 1,921,029</u> | <u>\$ 897,893</u> |

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|---------------------|-------------------|
| General | \$ 1,089,303 | \$ 1,208,992 | \$ 119,689 |
| Special Revenue | 1,331,536 | 1,518,089 | 186,553 |
| Total | <u>\$ 2,420,839</u> | <u>\$ 2,727,081</u> | <u>\$ 306,242</u> |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 882,383 | \$ 761,503 | \$ 120,880 |
| Special Revenue | 1,310,222 | 1,101,170 | 209,052 |
| Total | <u>\$ 2,192,605</u> | <u>\$ 1,862,673</u> | <u>\$ 329,932</u> |

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 6% and 63% of expenditures tested during 2008 and 2007 respectively.

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, 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 payment, 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. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees and the Township's elected officials belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multi-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of OP&F contributed 10.0% of their annual covered salary to fund pension obligations, while the Township contributed an amount equal to 19.5% of participants' gross salaries. The Township has paid all contributions required through December 31, 2008. For 2008 and 2007, members of PERS contributed 10.0% and 9.5% of their gross salaries. The Township contributed an amount equal to 14% and 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Commercial property and general liability
- Vehicles
- Errors and omissions

7. DEBT

Debt outstanding at December 31, 2008 was as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|------------------|-----------------|
| Ambulance | <u>\$110,567</u> | <u>4.4%</u> |

Amortization of the above debt is scheduled as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|------------------|-----------------|------------------|
| Year ending December 31 | | | |
| 2009 | \$ 25,527 | \$ 5,893 | \$ 31,420 |
| 2010 | 26,888 | 4,533 | 31,421 |
| 2011 | 28,321 | 3,100 | 31,421 |
| 2012 | <u>29,831</u> | <u>1,590</u> | <u>31,421</u> |
| Total | <u>\$110,567</u> | <u>\$15,116</u> | <u>\$125,683</u> |

The Township took out debt in the amount of \$135,949 in 2007 for five years with annual payments of \$31,420.60 with Old National Bank for an Ambulance. The Township made a principal payment of \$25,382 in 2008.

The Township issued \$125,000 of bond anticipation notes in June 1999, for the purchase of land and improvements for the Fire Department. These matured during the audit period in June 2008. The prior audit report referenced a principal balance due of \$27,800, when the actual balance was \$26,250.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

8. PRIOR PERIOD ADJUSTMENT

The Township made a fund balance adjustment in 2008 in the General Fund and Special Revenue Fund to adjust for voided warrants that were reflected in the balance as of December 31, 2007.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---------------------------------------|---------------------|-----------------------------|
| Balance as of December 31, 2007 | \$ 716,272 | \$ 1,717,642 |
| Adjustment for 2007 voided warrants | 4,782 | 163 |
| Adjusted January 1, 2008 Fund Balance | <u>\$ 721,054</u> | <u>\$ 1,717,805</u> |

Perry & Associates
Certified Public Accountants, A.C.

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

May 22, 2009

Whitewater Township
Hamilton County
6101 Dry Fork Road
Cleves, OH 45002

To the Board of Trustees:

We have audited the financial statements of **Whitewater Township, Hamilton County, Ohio** (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 22, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Internal Control over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 and 2008-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2008-002 described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 22, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matter that we must report under *Government Auditing Standard* which are described in the accompanying schedule of findings as item 2008-001.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

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

FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2008-001 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

The Township did not properly certify the availability of funds prior to purchase commitment for 6% and 63% of the expenditures tested during 2008 and 2007, respectively. In addition there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Significant Deficiency/Material Weakness

Accounting for Receipts and Expenditures

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The Fiscal Officer did not accurately post all receipts and expenditures to the Township's accounting ledgers. The following posting errors were noted:

- Tangible Personal Property Tax revenues were improperly posted to intergovernmental rather than property and other local taxes.
- EMS Billing revenues in the Fire District Fund were improperly posted to miscellaneous rather than charges for services.
- Debt payments were improperly posted to public safety rather than redemption of principal and interest and other fiscal charges.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

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

Accounting for Receipts and Expenditures (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper classification of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2006-001 | ORC Section 5705.41(D) – Expenditures not properly encumbered | No | Not Corrected, Repeated as Finding 2008-001 |
| 2006-002 | ORC Section 5705.36 – Appropriations exceeded actual receipts | Yes | N/A |
| 2006-003 | Accounting for Taxes, Intergovernmental, and Charges for Services Receipts | No | Not Corrected, Repeated as finding 2008-002. |



Mary Taylor, CPA
Auditor of State

WHITEWATER TOWNSHIP

HAMILTON 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 16, 2009**