



Mary Taylor, CPA
Auditor of State

FLORENCE TOWNSHIP
WILLIAMS COUNTY

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Mary Taylor, CPA
Auditor of State

Florence Township
Williams County
5389 County Road M50, PO Box 107
Edon, Ohio 43518-0107

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

April 19, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Florence Township
Williams County
5389 County Road M50, PO Box 107
Edon, Ohio 43518-0107

To the Board of Trustees:

We have audited the accompanying financial statements of Florence 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 Florence 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.

As described in Note 2 to the financial statements, during 2008, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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 April 19, 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

April 19, 2010

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

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

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Property and Other Local Taxes	\$29,057	\$69,041		\$98,098
Charges for Services	5,500			5,500
Intergovernmental	69,813	113,785	\$2,209	185,807
Earnings on Investments	983	376		1,359
Miscellaneous	1,384			1,384
	<u>106,737</u>	<u>183,202</u>	<u>2,209</u>	<u>292,148</u>
Cash Disbursements:				
Current:				
General Government	83,758			83,758
Public Safety	15,017	15,034		30,051
Public Works		141,517		141,517
Health	11,196			11,196
Capital Outlay		49,967		49,967
Intergovernmental			2,209	2,209
Debt Service:				
Redemption of Principal	19,600	55,453		75,053
Interest and Other Fiscal Charges		3,208		3,208
	<u>129,571</u>	<u>265,179</u>	<u>\$2,209</u>	<u>396,959</u>
Total Disbursements Over Receipts	<u>(22,834)</u>	<u>(81,977)</u>		<u>(104,811)</u>
Other Financing Receipts:				
Sale of Bonds		45,221		45,221
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(22,834)	(36,756)		(59,590)
Fund Cash Balances, January 1	<u>56,733</u>	<u>225,890</u>		<u>282,623</u>
Fund Cash Balances, December 31	<u>\$33,899</u>	<u>\$189,134</u>		<u>\$223,033</u>

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

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Other Local Taxes	\$33,988	\$136,727			\$170,715
Charges for Services	5,500				5,500
Intergovernmental	53,918	125,671	\$104,500	\$2,155	286,244
Earnings on Investments	1,408	389			1,797
Miscellaneous	1,876				1,876
	<u>96,690</u>	<u>262,787</u>	<u>104,500</u>	<u>2,155</u>	<u>466,132</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	82,082				82,082
Public Safety	20,039	9,357			29,396
Public Works		153,381			153,381
Health	9,650				9,650
Capital Outlay	7,753	10,950	104,500		123,203
Intergovernmental				2,155	2,155
Debt Service:					
Redemption of Principal		49,800			49,800
Interest and Other Fiscal Charges		5,570			5,570
	<u>119,524</u>	<u>229,058</u>	<u>104,500</u>	<u>\$2,155</u>	<u>455,237</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(22,834)</u>	<u>33,729</u>			<u>10,895</u>
Other Financing Receipts					
Sale of Fixed Assets	9,103				9,103
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements					
	(13,731)	33,729			19,998
Fund Cash Balances, January 1	70,464	192,161			262,625
Fund Cash Balances, December 31	<u>\$56,733</u>	<u>\$225,890</u>			<u>\$282,623</u>

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

**FLORENCE 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 Florence 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 services

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.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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:

Federal Emergency Management Agency (FEMA) Grant Fund - The Township received a grant from the Federal Emergency Management Agency to replace self contained breathing apparatuses.

4. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for other governments. The Township disburses these funds as directed by the other government. The Township's agency fund accounts for rollback and homestead monies received for the Edon Union Cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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 4.

**FLORENCE 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. Changes in Financial Statement Presentation

In 2007, the Township reported the financial statements on the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34. For 2008, the Township reported on a regulatory basis. The Township no longer presents entity wide financial statements. The fund financial statements now present a column for each fund type, rather than a separate column for each major fund with non-major funds aggregated and presented in a single column.

3. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$223,033	\$282,623

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

4. 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	\$104,638	\$106,737	\$2,099
Special Revenue	221,500	228,423	6,923
Total	\$326,138	\$335,160	\$9,022

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

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

4. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,370	\$129,571	\$31,799
Special Revenue	447,389	265,179	182,210
Total	\$608,759	\$394,750	\$214,009

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,643	\$105,793	\$6,150
Special Revenue	247,000	262,787	15,787
Capital Projects	104,500	104,500	
Total	\$451,143	\$473,080	\$21,937

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$170,107	\$119,524	\$50,583
Special Revenue	439,161	229,058	210,103
Capital Projects	104,500	104,500	
Total	\$713,768	\$453,082	\$260,686

Contrary to Ohio law, the Township did not establish a separate fund for a FEMA grant received in 2008.

5. 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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

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

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$39,569	4%

The Township issued general obligation bonds to finance the purchase of a new equipment truck and related equipment apparatuses for the Township fire department in 2002, which are paid for from the Fire Special Levy fund. They were completely paid off in 2009 by the General Fund.

The Township also issued general obligation bonds to finance a fire tanker truck for the Township fire department in 2007, which matured in 2009. Proceeds of a tax levy for this purpose were used to repay the bonds from the Fire Equipment Levy fund.

Finally, the Township issued general obligation bonds to finance a road tractor for the Township street department in 2009, which mature in 2013, and are paid for from the Gasoline Tax fund.

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

	G.O. Bonds	
	Principal	Interest
Year ending December 31:		
2010	11,305	1,471
2011	11,305	1,018
2012	11,305	567
2013	5,654	114
Total	\$39,569	\$3,170

7. Retirement System

The Township 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. For 2009 and 2008, 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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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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**

Florence Township
Williams County
5389 County Road M50, PO Box 107
Edon, Ohio 43518-0107

To the Board of Trustees:

We have audited the financial statements of the Florence Township, Williams County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 19, 2010, wherein we noted the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Account Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 19, 2010.

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



Mary Taylor, CPA
Auditor of State

April 19, 2010

**FLORENCE 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

Noncompliance Citation/Material Weakness

Ohio Revised Code §5705.09 requires that each subdivision must establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

In 2008, the Township received a grant of \$104,500 from the Assistance to Firefighters grant program administered by the Federal Emergency Management Agency (FEMA) to pay for the cost of self contained breathing apparatuses used in fire suppression.

The Township recorded these grant monies and made the related expenditures from the General Fund. Since the United States government entered into an agreement with the Township for this grant money, a separate fund should have been established to account for this grant.

According to Auditor of State Bulletin 98-013, these funds should be placed into a special FEMA fund. The classification of such a fund should be capital projects due to the nature of the expenditures which will be made (replacing fixed assets).

Adjustments were recorded to the 2008 financial statements to reflect this grant activity in a capital projects fund.

We recommend the Township follow the accounting procedures noted in Auditor of State Bulletin 98-013 for FEMA grants.

Officials' Response:

We did not receive a response from Officials to this finding.

**FLORENCE 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	Material Weakness – Financial Reporting – The Township misclassified various revenues in 2007.	No	Partially Corrected – Reissued as a Management Letter Comment



Mary Taylor, CPA
Auditor of State

FLORENCE 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
MAY 6, 2010**