



Mary Taylor, CPA
Auditor of State

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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Mary Taylor, CPA

Auditor of State

Washington Township
Brown County
169 Winchester Street
Sardinia, Ohio 45171

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 25, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Brown County
169 Winchester Street
Sardinia, Ohio 45171

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Brown County, Ohio (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.

Washington Township
Brown County
Independent Accountants' Report
Page 2

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 Washington Township, Brown County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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

March 25, 2010

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$25,163	\$27,766	\$52,929
Licenss, Permits, and Fees	2,302	2,302	2,302
Intergovernmental	104,067	98,319	202,386
Earnings on Investments	56	147	203
Miscellaneous	2,400		2,400
Total Cash Receipts	<u>131,686</u>	<u>128,534</u>	<u>260,220</u>
Cash Disbursements:			
Current:			
General Government	77,696	2,241	79,937
Public Safety	31,848		31,848
Public Works	55,872	107,290	163,162
Health	1,839		1,839
Capital Outlay	1,350		1,350
Total Cash Disbursements	<u>136,757</u>	<u>141,379</u>	<u>278,136</u>
Total Receipts Over/(Under) Disbursements	<u>(5,071)</u>	<u>(12,845)</u>	<u>(17,916)</u>
Fund Cash Balances, January 1	<u>33,044</u>	<u>125,166</u>	<u>158,210</u>
Fund Cash Balances, December 31	<u>\$27,973</u>	<u>\$112,321</u>	<u>\$140,294</u>

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

**WASHINGTON TOWNSHIP
BROWN 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$22,822	\$26,030	\$48,852
Licenses, Permits, and Fees	1,450	1,450	1,450
Integovernmental	31,728	251,245	282,973
Earnings on Investments	86	273	359
Miscellaneous	332	—	332
Total Cash Receipts	<u>54,968</u>	<u>278,998</u>	<u>333,966</u>
Cash Disbursements:			
Current:			
General Government	40,510	1,691	42,201
Public Safety	26,976	—	26,976
Public Works	1,380	215,980	217,360
Health	1,893	—	1,893
Capital Outlay	1,583	36,301	37,884
Total Cash Disbursements	<u>45,366</u>	<u>280,948</u>	<u>326,314</u>
Total Receipts Over/(Under) Disbursements	<u>9,602</u>	<u>(1,950)</u>	<u>7,652</u>
Other Financing Receipts:			
Other Debt Proceeds	36,301	—	36,301
Total Other Financing Receipts	<u>0</u>	<u>36,301</u>	<u>36,301</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	9,602	34,351	43,953
Fund Cash Balances, January 1	<u>23,442</u>	<u>90,815</u>	<u>114,257</u>
Fund Cash Balances, December 31	<u>\$33,044</u>	<u>\$125,166</u>	<u>\$158,210</u>

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

**WASHINGTON TOWNSHIP
BROWN 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 the Washington 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Sardinia to provide the Township fire protection. The Township also contracts with a non-profit corporation, Sardinia Life Squad and Rescue Unit of Brown County for emergency medical 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. Cash and Deposits

Township funds are deposited in an interest bearing checking account and certificates of deposit. 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 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:

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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

Fire Levy Fund - This fund receives proceeds from a tax levy for providing Township residents with fire protection services.

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. The Township did not have any material encumbrances outstanding at year end.

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

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.

2. Equity in Pooled Cash Deposits

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

	2009	2008
Demand deposits	\$139,794	\$157,710
Certificates of deposit	500	500
Total deposits	<u>140,294</u>	<u>158,210</u>

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

2. Equity in Pooled Cash Deposits (Continued)

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

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,199	\$131,686	(\$513)
Special Revenue	126,887	128,534	1,647
Total	<u>\$259,086</u>	<u>\$260,220</u>	<u>\$1,134</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$165,243	\$136,757	\$28,486
Special Revenue	251,523	141,379	110,144
Total	<u>\$416,766</u>	<u>\$278,136</u>	<u>\$138,630</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,907	\$54,968	\$5,061
Special Revenue	247,651	315,299	67,648
Total	<u>\$297,558</u>	<u>\$370,267</u>	<u>\$72,709</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,349	\$45,366	\$27,983
Special Revenue	334,465	280,948	53,517
Total	<u>\$407,814</u>	<u>\$326,314</u>	<u>\$81,500</u>

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Truck Loan	\$26,231	3.75%
Total	<u><u>\$26,231</u></u>	

The Township purchased a 2008 Ford F-350 truck for \$36,301 and financed it through a loan at National Bank & Trust Co. on June 27, 2008. The loan payments are paid from the Gas Fund and the loan is collateralized by the Truck. The Township recorded the loan payments as public works disbursements rather than debt service disbursements.

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

Year ending December 31:	<u>Truck Loan</u>
2010	8,109
2011	8,109
2012	8,109
2013	3,983
Total	<u><u>\$28,310</u></u>

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

6. Retirement Systems

The Township officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS participants contributed 10% of their wages. For 2009 and 2008, the Township contributed to OPERS an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. Risk Management

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

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

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. (APRCO), 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 APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

7. Risk Management (Continued)

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

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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	
2008	\$3,611
2009	\$4,041

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

8. Compliance

The Township purchased a truck with the proceeds of a promissory note that was not in compliance with Ohio law.



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

Washington Township
Brown County
169 Winchester Street
Sardinia, Ohio 45171

To the Township Board of Trustees:

We have audited the financial statements of Washington Township, Brown County, Ohio (the Township), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated March 25, 2010 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 also noted the Township uses the Auditor of State's Uniform Accounting 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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.

Washington Township
Brown County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated March 25, 2010.

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

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



Mary Taylor, CPA
Auditor of State

March 25, 2010

**WASHINGTON TOWNSHIP
BROWN COUNTY**

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

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

FINDING NUMBER 2009-001

Noncompliance Citation/Material Weakness

Ohio Revised Code, Section 505.262(A), states, in part, that the Board of Township Trustees of any township, by unanimous vote, may adopt a resolution allowing the Township to contract for the purchase of equipment, buildings, and sites, or for the construction of buildings, for any lawful township purpose. The Board may issue, by resolution adopted by unanimous vote, securities of the Township to finance purchases and construction made pursuant to this division. The securities shall be signed by the board and attested by the signature of the township fiscal officer, and the maximum maturity of those securities is subject to the limitation in section 133.20 of the revised code. The securities shall bear interest not to exceed the rate determined as provided in section 9.95 of the revised code and shall not be subject to chapter 133 of the revised code. The resolution authorizing the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities. The securities may contain a clause permitting prepayments at the option of the board. Securities shall be offered for sale on the open market or given to the vendor or contractor if no sale is made.

Ohio Revised Code, Section 505.262(B), states no purchase or construction pursuant to division (A) of this section shall be undertaken unless the county auditor certifies that, if the purchase or construction is undertaken, the debt service charge for the purchase of construction on the first year, together with the debt service charge for that same year for any other purchase or construction already undertaken pursuant to division (A) of this section, does not exceed one-tenth of the township's total revenue from all sources. If the county auditor so certifies, in every year of the debt after the first year, the county budget commission shall include a debt charge in the township's annual tax budget submitted pursuant to section 5705.01 to 5705.47 of the Revised Code sufficient to meet the annual debt incurred pursuant to division (A) of this section, if the debt charge is omitted from the budget.

On June 27, 2008, the Township entered into a promissory note with National Bank & Trust Co. for the purchase of a truck in the amount of \$36,301. There is no statutory authority permitting a Township to enter into this type of debt agreement. Specifically, the Township did not perform the following for the debt agreement:

- 1) Pass a resolution adopted by unanimous vote, to issue securities of the Township to finance the purchase.
- 2) Since no resolution was adopted, it did not include the statement that the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities.
- 3) Obtain certification from the County Auditor that, if the purchase is undertaken, the debt service charge for the purchase in the first year, together with the debt service charge for that same year for any other purchase or construction already undertaken pursuant to division (A) of this section, does not exceed one-tenth of the Township's total revenue from all sources.
- 4) Since no certification was received from the County Auditor, the county budget commission did not include a debt charge in the Township's annual tax budget submitted pursuant to section 5705.01 to 5705.47 of the revised code sufficient to meet the annual debt incurred pursuant to division (A) of this section, if the debt charge is omitted from the budget.

FINDING NUMBER 2009-001
(Continued)

The Township did not record the receipt of proceeds or the disbursement in the amount of \$36,301 for the truck in their accounting records. An audit adjustment was made to properly reflect the receipt of the proceeds and the capital outlay expenditure for the purchase of the truck. Also, the loan payments were being recorded as public works disbursements rather than debt service.

Failure to follow debt issuance requirements and failure to properly post debt transactions to the Township's accounting records could result in a material misstatement to the financial statements.

We recommend that the Township consult with their legal counsel on how to correct this debt agreement and consult with their legal counsel or hire bond counsel before entering into any future debt agreements. We also recommend that the Township record the debt transactions in the Township's accounting records.

Officials' Response:

We will research for future reference and contact our legal counsel.

**WASHINGTON TOWNSHIP
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
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	ORC 505.60(C) - Township Health Care Coverage reimbursement extended to family members	Finding No Longer Valid	Finding No Longer Valid; HB458 revised to allow coverage to be extended to family members
2007-002	ORC5705.09(F) – Township to establish special fund for each class of revenue, which includes the OPWC grant funds	No	Partially Corrected; Township received OPWC monies in 2008 and posted the memo entries in the Gas Fund, however did not establish new fund. Repeat cite in Management Letter
2007-003	OAC 17-2-02(A) – Township had misclassifications and error in financial accounting records	No	Partially Corrected: Reported as part of 2009-001 and also in Management Letter



Mary Taylor, CPA

Auditor of State

WASHINGTON 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
APRIL 13, 2010**