



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Stark County
5843 Beechwood Ave. NE
Alliance, OH 44601

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Washington Township, Stark County, Ohio, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 13, 2001

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**WASHINGTON TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$32,696	\$265,952		\$298,648
Intergovernmental	172,143	83,584	\$8,953	264,680
Licenses, Permits, and Fees	5,984			5,984
Earnings on Investments	20,600	4,971		25,571
Other Revenue	19,951	8,294		28,245
Total Cash Receipts	<u>251,374</u>	<u>362,801</u>	<u>8,953</u>	<u>623,128</u>
Cash Disbursements:				
Current:				
General Government	107,424	72,592		180,016
Public Safety	5,000			5,000
Public Works	155	258,865		259,020
Conservation - Recreation	10,973			10,973
Capital Outlay		2,450	34,385	36,835
Total Cash Disbursements	<u>123,552</u>	<u>333,907</u>	<u>34,385</u>	<u>491,844</u>
Total Receipts Over/(Under) Disbursements	<u>127,822</u>	<u>28,894</u>	<u>(25,432)</u>	<u>131,284</u>
Other Financing Receipts				
Other Sources	10			10
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	127,832	28,894	(25,432)	131,294
Fund Cash Balances, January 1	<u>172,710</u>	<u>268,153</u>	<u>30,722</u>	<u>471,585</u>
Fund Cash Balances, December 31	<u>\$300,542</u>	<u>\$297,047</u>	<u>\$5,290</u>	<u>\$602,879</u>
Reserve for Encumbrances, December 31	<u>\$144</u>	<u>\$12</u>	<u>\$0</u>	<u>\$156</u>

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

WASHINGTON TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$24,024	\$267,772		\$291,796
Intergovernmental	117,763	126,266		244,029
Licenses, Permits, and Fees	4,649			4,649
Earnings on Investments	12,596	7,519		20,115
Other Revenue	11,752	232		11,984
	<u>170,784</u>	<u>401,789</u>		<u>572,573</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	126,492	191,295		317,787
Public Safety	4,333			4,333
Public Works	6,661	183,377		190,038
Conservation - Recreation	7,043			7,043
Capital Outlay		18,935		18,935
	<u>144,529</u>	<u>393,607</u>		<u>538,136</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>26,255</u>	<u>8,182</u>		<u>34,437</u>
Other Financing Receipts				
Sale of Fixed Assets		10,500		10,500
Other Sources	44			44
	<u>44</u>	<u>10,500</u>		<u>10,544</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	26,299	18,682		44,981
Fund Cash Balances, January 1	146,411	249,471	\$30,722	426,604
Fund Cash Balances, December 31	<u>\$172,710</u>	<u>\$268,153</u>	<u>\$30,722</u>	<u>\$471,585</u>
Reserve for Encumbrances, December 31	<u>\$870</u>	<u>\$446</u>	<u>\$0</u>	<u>\$1,316</u>

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

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Stark County, Ohio, (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. The Township provides general governmental services, including road and bridge maintenance and fire protection. The Township contracts with Rural Metro Ambulance Services to provide ambulance services.

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

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and repurchase agreements 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 (other than from 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 taxes and intergovernmental receipts for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund - This fund is used to account for a portion of property tax revenue received and used for the purpose of providing fire protection services for the Township.

Road Levy Fund - This fund is used to account for a portion of property tax revenue received and used for the purpose of constructing, maintaining, and repairing Township roads.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Capital Equipment Fund - This fund is used to account for a the purchase of equipment used by the Township for the maintenance of Township facilities and infrastructure.

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/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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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>2000</u>	<u>1999</u>
Demand deposits	\$937	\$4,756
Certificates of deposit	20,000	20,000
Repurchase agreements	<u>581,942</u>	<u>446,829</u>
Total deposits and investments	<u><u>\$602,879</u></u>	<u><u>\$471,585</u></u>

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

Investments: The Township invested in repurchase agreements during the accounting period. These investments are valued at cost.

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$348,095	\$251,384	(\$96,711)
Special Revenue	652,318	362,801	(289,517)
Capital Projects	61,617	8,953	(52,664)
Total	<u>\$1,062,030</u>	<u>\$623,138</u>	<u>(\$438,892)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$348,095	\$123,696	\$224,399
Special Revenue	652,318	333,919	318,399
Capital Projects	61,617	34,385	27,232
Total	<u>\$1,062,030</u>	<u>\$492,000</u>	<u>\$570,030</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$343,102	\$170,828	(\$172,274)
Special Revenue	591,019	412,289	(178,730)
Capital Projects	47,307	0	(47,307)
Total	<u>\$981,428</u>	<u>\$583,117</u>	<u>(\$398,311)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$334,338	\$145,399	\$188,939
Special Revenue	609,319	394,053	215,266
Capital Projects	38,416	0	38,416
Total	<u>\$982,073</u>	<u>\$539,452</u>	<u>\$442,621</u>

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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 employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 12.9%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of Washington Township's policy. OTARMA covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicles.

**WASHINGTON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. SUBSEQUENT EVENTS

On June 6, 2001, Trustee Douglas Markle resigned. Paul Del Puppo was appointed to fill the remainder of his term (through December 31, 2001).



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Washington Township
Stark County
5843 Beechwood Ave. NE
Alliance, OH 44601

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated November 13, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-41276-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 13, 2001.

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

Jim Petro
Auditor of State

November 13, 2001

**WASHINGTON TOWNSHIP
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-41276-001

Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records at a specific point in time. From January 1, 1999 through December 31, 2000, the Township did not reconcile the balance of the bank to the balance of the cash in the accounting records. At December 31, 2000 and 1999, there were unreconciled differences of \$9,056 and \$18,366, respectively. The annual reports for fiscal years 2000 and 1999 were filed with the Auditor of State with adjustments to show a reconciled amount.

Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened, which could hinder the detection of errors or irregularities in a timely manner. In addition, Township management is not provided with timely fiscal information that is vital to the continued operations and decision making process of the Township, which could negatively impact management's ability to manage Township operations.

The Township should perform and complete monthly bank reconciliations in a timely manner. Also, a hard copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month. All unreconciled differences should be resolved as quickly as possible so they are not carried forward from month-to-month.

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**WASHINGTON TOWNSHIP
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-41276-001	ORC 5705.41(D) Failure to Certify Funds	Yes	
1998-41276-002	ORC 135.22 Continuing Education was not completed	Yes	
1998-41276-003	ORC 135.14(N)(1) No Investment Policy on File	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

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WASHINGTON TOWNSHIP

STARK 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
DECEMBER 4, 2001**