

**WASHINGTON TOWNSHIP
RICHLAND COUNTY
Regular Audit
December 31, 2005 and 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Washington Township
PO Box 1646
Mansfield, Ohio 44901

We have reviewed the *Independent Accountants' Report* of Washington Township, Richland County, prepared by Perry and Associates, for the audit period January 1, 2004 through December 31, 2005. 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. Washington Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 27, 2006

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WASHINGTON TOWNSHIP
RICHLAND COUNTY

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Perry & Associates
Certified Public Accountants, A.C.

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MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

February 24, 2006

Washington Township
Richland County
695 Walnut Drive S.
Mansfield, Ohio 44904-1542

To the Board of Trustees:

As you are aware, we must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While the Auditor of State's Office (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 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 report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

February 17, 2006

Washington Township
Richland County
695 Walnut Drive S.
Mansfield, Ohio 44904-1542

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004 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 of Washington Township, Richland County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Government 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 February 17, 2006, 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,

Perry and Associates
Certified Public Accountants, A.C.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$85,332	\$666,690		\$752,022
Intergovernmental	70,912	179,817	73,297	324,026
Special Assessments		\$3,122		\$3,122
Charges for Services		\$113,504		\$113,504
Licenses, Permits, and Fees	\$3,221			\$3,221
Earnings on Investments	8,061	795		8,856
Other Revenue	40	921		961
	<u>167,566</u>	<u>964,849</u>	<u>73,297</u>	<u>1,205,712</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	205,926	1,320		207,246
Public Safety		76,594		76,594
Public Works	932	389,215		390,147
Health	1,395			1,395
Contract Services		11,635		11,635
Miscellaneous		27,537		27,537
Supplies and Materials		202,000		202,000
Capital Outlay		115,777		115,777
	<u>208,253</u>	<u>824,078</u>	<u>0</u>	<u>1,032,331</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(40,687)</u>	<u>140,771</u>	<u>73,297</u>	<u>173,381</u>
Other Financing Receipts and (Disbursements):				
Operating Transfers-In		73,297		73,297
Operating Transfers-Out			(73,297)	(73,297)
Other Sources	5,772			5,772
	<u>5,772</u>	<u>73,297</u>	<u>(73,297)</u>	<u>5,772</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,915)	214,068	0	179,153
Fund Cash Balances, January 1	<u>105,667</u>	<u>872,191</u>	<u>0</u>	<u>977,858</u>
Fund Cash Balances, December 31	<u>\$70,752</u>	<u>\$1,086,259</u>	<u>\$0</u>	<u>\$1,157,011</u>
Reserve for Encumbrances, December 31	<u>\$3,000</u>	<u>\$16,012</u>	<u>\$0</u>	<u>\$19,012</u>

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

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$88,067	\$660,687		\$748,754
Intergovernmental	80,955	172,565	92,194	345,714
Special Assessments		\$2,978		\$2,978
Charges for Services		\$67,161		\$67,161
Licenses, Permits, and Fees	1,989			\$1,989
Earnings on Investments	5,186	462		5,648
Other Revenue	0	1,085		1,085
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	176,197	904,938	92,194	1,173,329
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	230,049	1,639		231,688
Public Safety		49,652		49,652
Public Works	927	356,104		357,031
Health	1,333			1,333
Contract Services		9,212		9,212
Miscellaneous		19,899		19,899
Supplies and Materials		210,688		210,688
Capital Outlay		224,448	92,194	316,642
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	232,309	871,642	92,194	1,196,145
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Disbursements	(56,112)	33,296	0	(22,816)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):				
Other Sources	453			453
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	453			453
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(55,659)	33,296	0	(22,363)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	161,326	838,895	0	1,000,221
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$105,667	\$872,191	\$0	\$977,858
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$0	\$41,459	\$0	\$41,459
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The notes to the financial statements are an integral part of this statement.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Richland 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. The Township provides general governmental services, including road and bridge maintenance and fire protection 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 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 has no investments.

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.

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 has the following significant Special Revenue Funds:

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Permissive Sales Tax Fund – This fund receives sales tax revenues for repair and maintenance of Township roads.

Fire District Fund - This fund receives property tax money to provide fire protection services for Township residents.

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 funds:

Issue II Fund – During 2004, the Township received a grant from the State of Ohio to install a culvert on a Township road.

FEMA Fund – During 2005, the Township received a grant from the State of Ohio for emergency assistance for clean up after a snow storm.

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 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. Unencumbered 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.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2005 and 2004 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.

2. EQUITY IN POOLED CASH

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$218,252	\$197,017
Business Market Index	<u>938,759</u>	<u>780,841</u>
Total deposits	<u>\$1,157,011</u>	<u>\$977,858</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 163,875	\$ 173,338	\$ 9,463
Special Revenue	860,730	1,038,146	177,416
Capital Projects	0	73,297	73,297
Totals	<u>\$1,024,605</u>	<u>\$1,284,781</u>	<u>\$260,176</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 269,541	\$ 211,253	\$58,288
Special Revenue	1,806,215	840,090	966,125
Capital Projects	0	73,297	(73,297)
Totals	<u>\$2,034,297</u>	<u>\$1,124,640</u>	<u>\$951,116</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 130,375	\$ 176,650	\$46,275
Special Revenue	809,227	904,938	95,711
Capital Projects	100,000	92,194	(7,806)
Totals	<u>\$1,039,602</u>	<u>\$1,173,782</u>	<u>\$95,710</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 291,700	\$ 229,494	\$ 62,206
Special Revenue	1,648,119	913,101	735,018
Capital Projects	100,000	92,194	7,806
Totals	<u>\$2,039,819</u>	<u>\$1,234,789</u>	<u>\$805,030</u>

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. 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. 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 officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides 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 2005 and 2004, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

Contributions:	<u>2005</u>	<u>2004</u>
Township	\$ 29,922	\$ 27,539
Employees	<u>18,771</u>	<u>17,275</u>
	<u>\$ 48,693</u>	<u>\$ 44,814</u>

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance from American Alternative Insurance Corporation, a subsidiary of Glatfelter Insurance Group, for the following risks:

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

The Township also provides health insurance to full time employees through a private carrier.

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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***

February 17, 2006

Washington Township
Richland County
695 Walnut Drive S.
Mansfield, Ohio 44904-1542

To the Board of Trustees:

We have audited the financial statements of Washington Township, Richland County, (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated February 17, 2006, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated February 17, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Washington Township
Richland 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. In a separate letter to the Township's management dated February 24, 2006, we reported matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Township Trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.



**Auditor of State
Betty Montgomery**

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WASHINGTON TOWNSHIP

RICHLAND 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
APRIL 6, 2006**