



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP
MONROE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Washington Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Washington Township, Monroe County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2014

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,887	\$25,801		\$37,688
Intergovernmental	29,156	97,757	\$4,565	131,478
Earnings on Investments	24	12		36
Miscellaneous		9,685		9,685
<i>Total Cash Receipts</i>	<u>41,067</u>	<u>133,255</u>	<u>4,565</u>	<u>178,887</u>
Cash Disbursements				
Current:				
General Government	40,401	16,321		56,722
Public Safety		5,000		5,000
Public Works		114,598		114,598
Debt Service:				
Principal Retirement			3,600	3,600
Interest and Fiscal Charges			1,238	1,238
<i>Total Cash Disbursements</i>	<u>40,401</u>	<u>135,919</u>	<u>4,838</u>	<u>181,158</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>666</u>	<u>(2,664)</u>	<u>(273)</u>	<u>(2,271)</u>
Other Financing Receipts (Disbursements)				
Transfers In			100	100
Transfers Out		(100)		(100)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(100)</u>	<u>100</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	666	(2,764)	(173)	(2,271)
<i>Fund Cash Balances, January 1</i>	<u>2,623</u>	<u>17,171</u>	<u>186</u>	<u>19,980</u>
Fund Cash Balances, December 31				
Restricted		15,370	13	15,383
Unassigned	3,289	(963)		2,326
<i>Fund Cash Balances, December 31</i>	<u>\$3,289</u>	<u>\$14,407</u>	<u>\$13</u>	<u>\$17,709</u>

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

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$10,847	\$28,232		\$39,079
Intergovernmental	9,534	124,190	\$4,588	138,312
Earnings on Investments	75	19		94
Miscellaneous	578	1,901		2,479
<i>Total Cash Receipts</i>	<u>21,034</u>	<u>154,342</u>	<u>4,588</u>	<u>179,964</u>
Cash Disbursements				
Current:				
General Government	20,514	20,869		41,383
Public Safety		9,883		9,883
Public Works		127,904		127,904
Other		25,673		25,673
Debt Service:				
Principal Retirement			3,300	3,300
Interest and Fiscal Charges			1,383	1,383
<i>Total Cash Disbursements</i>	<u>20,514</u>	<u>184,329</u>	<u>4,683</u>	<u>209,526</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>520</u>	<u>(29,987)</u>	<u>(95)</u>	<u>(29,562)</u>
Other Financing Receipts (Disbursements)				
Transfers In		8,003		8,003
Transfers Out		(8,003)		(8,003)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	520	(29,987)	(95)	(29,562)
<i>Fund Cash Balances, January 1</i>	<u>2,103</u>	<u>47,158</u>	<u>281</u>	<u>49,542</u>
Fund Cash Balances, December 31				
Restricted		12,961	186	13,147
Committed		4,210		4,210
Unassigned (Deficit)	2,623			2,623
<i>Fund Cash Balances, December 31</i>	<u>\$2,623</u>	<u>\$17,171</u>	<u>\$186</u>	<u>\$19,980</u>

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

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Washington Township, Monroe 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, and fire protection. The Township contracts with the Graysville Volunteer Fire Department to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Bond Retirement Fund - This fund receives gasoline tax money and transfers from the Gasoline Tax Fund for the repayment of bonds issued by the Township.

D. 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 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:

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits (Continued)

	2013	2012
Demand deposits	\$17,709	\$19,980

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012, follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,679	\$41,067	\$23,388
Special Revenue	116,584	133,255	16,671
Debt Service	5,000	4,665	(335)
Total	\$139,263	\$178,987	\$39,724

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,302	\$40,622	(\$20,320)
Special Revenue	133,205	136,019	(2,814)
Debt Service	5,186	4,838	348
Total	\$158,693	\$181,479	(\$22,786)

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,403	\$21,034	\$1,631
Special Revenue	115,395	162,345	46,950
Debt Service	5,000	4,588	(412)
Total	\$139,798	\$187,967	\$48,169

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,285	\$20,514	\$771
Special Revenue	162,553	192,332	(29,779)
Debt Service	5,281	4,683	598
Total	\$189,119	\$217,529	(\$28,410)

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Gasoline Tax Funds by \$20,320 and \$3,852, respectively, for the year ended December 31, 2013. Also budgetary expenditures exceeded appropriation authority in the Federal Emergency Management Agency (FEMA)-Miscellaneous Special Revenue Fund by \$33,676 for the year ended December 31, 2012.

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.

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, 2013, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$24,700	4.375%

The Township issued general obligation bonds to finance the purchase of a new backhoe for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation Bonds
2014	\$4,781
2015	4,719
2016	4,752
2017	4,777
2018	4,794
2019	4,801
Total	\$28,624

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement System

The Township's officials 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, 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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$4,105	\$3,941

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Dave Yost • Auditor of State

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

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Washington Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2013-002 and 2013-003 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-004 described in the accompanying Schedule of Findings to be a significant deficiency.

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, opining 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 matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2013-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2014

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

At December 31, 2013, the General Fund budgetary expenditures of \$40,622 exceeded appropriations of \$20,302 by \$20,320. Also, the Gasoline Tax Fund budgetary expenditures of \$86,933 exceeded appropriations of \$83,081 by \$3,852.

At December 31, 2012, the FEMA-Miscellaneous Special Revenue Fund budgetary expenditures of \$33,676 exceeded appropriations of \$0 by \$33,676.

We recommend the Board of Trustees and Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2013-002

Material Weakness

The Township should establish internal controls in place to reasonably assure that the budgetary accounts, at the legal level of control, are integrated into the Uniform Accounting Network (UAN). This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Fiscal Officer did not always accurately post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances at December 31, 2013:

<u>Fund</u>	<u>Amount Per Last Amended Certificate</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
General	\$17,679	\$38,171	(\$20,492)
Gasoline Tax	80,010	85,010	(5,000)

The Fiscal Officer did not always accurately post appropriations, and any amendments made to the appropriations, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances at December 31, 2013:

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002 (Continued)

Material Weakness (Continued)

<u>Fund</u>	<u>Amount Per Annual Appropriation Resolution</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
General	\$20,081	\$40,573	(\$20,492)
Gasoline Tax	83,081	88,081	(5,000)

The Fiscal Officer did not always accurately post appropriations, and any amendments made to the appropriations, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances at December 31, 2012:

<u>Fund</u>	<u>Amount Per Annual Appropriation Resolution</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
FEMA-Misc. Special Revenue	\$0	\$33,360	(\$33,360)
Dust Control-Misc. Special Revenue	24,786	34,786	(10,000)

Inaccurate budgetary information posted to the accounting system could result in management of the Township not being able to effectively monitor and report its budget vs. actual status throughout the year.

Because the information entered into the accounting system was not always accurate, the amounts reported in Note 3 to the financial statements, in order to accurately present budget versus actual information, only includes receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees.

We recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto. We also recommend the Trustees approve all appropriation amendments, record approval in the minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after obtaining the required approvals.

FINDING NUMBER 2013-003

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised March 2014) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-003 (Continued)

Material Weakness (Continued)

The Fiscal Officer did not always record receipts into accurate classifications based upon the source of the receipt.

During 2013, \$20,492 of grant monies was classified as Miscellaneous instead of Intergovernmental in the General Fund.

During 2012, \$2,177 of homestead and rollback and National Forest receipts were classified as Property and Other Local Taxes instead of Intergovernmental in the General Fund. Also, \$4,588 of gasoline Tax receipts were classified as Miscellaneous instead of Intergovernmental in the Debt Service Fund.

The Fiscal Officer adjusted the accompanying financial statements to reflect the items noted above.

We recommend the Fiscal Officer utilize available authoritative resources to appropriately classify and record all receipt transactions.

FINDING NUMBER 2013-004

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised March 2014) and the UAN Accounting and General Manual (revised December 2013) provide five suggested fund balance classifications and clarify the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In 2013, General Fund balance of \$3,289 was classified as committed fund balance rather than unassigned fund balance as proper. Also during 2013, the Motor Vehicle License Tax, Gasoline Tax, FEMA-Miscellaneous, and Dust Control-Miscellaneous Special Revenue Fund balances in the amount of \$1,370, \$11,742, \$204, and \$2,054, respectively, were classified as committed fund balance instead of restricted fund balance as proper.

During 2012, the Township's fund balance classification for the Road and Bridge, Special Revenue Fund Type, was not posted to the accurate fund balance classification, based upon the constraints placed upon the use of resources reported in this governmental fund. The Road and Bridge levy is strictly related to inside millage in which the Board of Trustees imposed an internal constraint on the resources in this fund and compliance with constraints imposed by the local government is not considered to be legally enforceable. Restricted fund balance constraints are externally imposed or are enacted through enabling legislation and are legally enforceable. The Township classified the Road and Bridge Fund balance of \$4,210 in 2012 as restricted rather than committed.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-004 (Continued)

Significant Deficiency (Continued)

The Township adjusted the accompanying financial statements to properly reflect fund balance classifications for the funds noted above.

We recommend the Board of Trustees develop internal control procedures to ensure the financial statements of the Township accurately reflect its fund balances in accordance with GASB Statement No. 54 reporting requirements. The Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

Officials' Response: We did not receive a response from officials to the findings reported above.

WASHINGTON TOWNSHIP
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Material Weakness –Receipts and expenditures were not always posted to accurate classifications.	No	Not Corrected; Repeated as Finding No. 2013-003.

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Dave Yost • Auditor of State

WASHINGTON TOWNSHIP

MONROE 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
NOVEMBER 6, 2014**