



**WASHINGTON TOWNSHIP
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

WASHINGTON TOWNSHIP
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Warren County
6427 Woodward-Claypool Road
Morrow, Ohio 45152

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Warren 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 audit.

We conducted our audits in accordance with generally accepted auditing standards 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township 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 May 29, 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 not 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 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

May 29, 2001

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**WASHINGTON TOWNSHIP
WARREN 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**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|----------------------|----------------------------|---|
| Cash Receipts: | | | |
| Local Taxes | \$27,762 | \$99,681 | \$127,443 |
| Intergovernmental | 43,798 | 68,858 | 112,656 |
| Earnings on Investments | 7,442 | 1,244 | 8,686 |
| Other Revenue | 2,178 | 7,642 | 9,820 |
| Total Cash Receipts | 81,180 | 177,425 | 258,605 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 43,067 | 0 | 43,067 |
| Public Safety | 0 | 51,459 | 51,459 |
| Public Works | 714 | 94,024 | 94,738 |
| Health | 216 | 0 | 216 |
| Debt Service: | | | |
| Redemption of Principal | 0 | 9,613 | 9,613 |
| Interest and Fiscal Charges | 0 | 2,409 | 2,409 |
| Capital Outlay | 550 | 0 | 550 |
| Total Cash Disbursements | 44,547 | 157,505 | 202,052 |
| Total Receipts Over/(Under) Disbursements | 36,633 | 19,920 | 56,553 |
| Fund Cash Balances, January 1 | 143,905 | 231,930 | 375,835 |
| Fund Cash Balances, December 31 | \$180,538 | \$251,850 | \$432,388 |

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

**WASHINGTON TOWNSHIP
WARREN 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**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|----------------------|----------------------------|---|
| Cash Receipts: | | | |
| Local Taxes | \$26,311 | \$95,722 | \$122,033 |
| Intergovernmental | 37,659 | 67,217 | 104,876 |
| Earnings on Investments | 7,118 | 1,280 | 8,398 |
| Other Revenue | 237 | 0 | 237 |
| Total Cash Receipts | 71,325 | 164,219 | 235,544 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 42,866 | 0 | 42,866 |
| Public Safety | 0 | 26,295 | 26,295 |
| Public Works | 710 | 86,855 | 87,565 |
| Health | 1,920 | 0 | 1,920 |
| Debt Service: | | | |
| Redemption of Principal | 0 | 9,090 | 9,090 |
| Interest and Fiscal Charges | 0 | 2,932 | 2,932 |
| Total Cash Disbursements | 45,496 | 125,172 | 170,668 |
| Total Receipts Over/(Under) Disbursements | 25,829 | 39,047 | 64,876 |
| Fund Cash Balances, January 1 | 118,076 | 192,883 | 310,959 |
| Fund Cash Balances, December 31 | \$143,905 | \$231,930 | \$375,835 |

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

**WASHINGTON TOWNSHIP
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Warren 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. The Township contracts with the Village of Clarksville, Wayne Township, and the Village of Morrow to provide fire services and 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 Deposits

Certificates of deposit 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.

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 tax money for constructing, maintaining and repairing Township roads and bridges.

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

Fire Special Levy Fund - This fund receives monies to provide fire protection.

**WASHINGTON TOWNSHIP
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. However, the Township had no outstanding encumbrances at December 31, 2000 and 1999.

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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Township maintains a cash and investments 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 | \$381,244 | \$324,708 |
| Savings Account | 1,144 | 1,127 |
| Certificates of deposit | <u>50,000</u> | <u>50,000</u> |
| Total deposits | <u><u>\$432,388</u></u> | <u><u>\$375,835</u></u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**WASHINGTON TOWNSHIP
WARREN COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 62,351 | \$81,180 | \$18,829 |
| Special Revenue | 228,970 | 177,425 | (51,545) |
| Total | \$291,321 | \$258,605 | (\$32,716) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$206,250 | \$44,547 | \$161,703 |
| Special Revenue | 460,738 | 157,505 | 303,233 |
| Total | \$666,988 | \$202,052 | \$464,936 |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$62,139 | \$71,325 | \$9,186 |
| Special Revenue | 208,950 | 164,219 | (44,731) |
| Total | \$271,089 | \$235,544 | (\$35,545) |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$180,000 | \$45,496 | \$134,504 |
| Special Revenue | 401,300 | 125,172 | 276,128 |
| Total | \$581,300 | \$170,668 | \$410,632 |

The Township did not certify the availability of funds for certain commitments as required by Ohio Law.

4. PROPERTY TAX

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

**WASHINGTON TOWNSHIP
WARREN COUNTY**

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

4. PROPERTY TAX (Continued)

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, 2000 was as follows:

| | Principal | Interest Rate |
|---------|-----------|------------------|
| Backhoe | \$32,284 | 6% |

The Township entered into a lease/purchase agreement with Case Credit for the purpose of purchasing of a backhoe. The lease was entered into on November 25, 1998 in the amount of \$63,123.

Minimum lease payments, including interest, is scheduled as follows:

| Year ending December 31: | Backhoe |
|-----------------------------|----------|
| 2001 | \$12,022 |
| 2002 | 12,022 |
| 2003 | 12,022 |
| Total | \$36,066 |

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**WASHINGTON TOWNSHIP
WARREN COUNTY**

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Washington Township
Warren County
6427 Woodward-Claypool Road
Morrow, Ohio 45152

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 29, 2001. We conducted our audits in accordance with generally accepted auditing standards 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2000-30483-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 May 29, 2001.

Washington Township
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of 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

May 29, 2001

**WASHINGTON TOWNSHIP
WARREN 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 2000-30483-001

Material Noncompliance- Certification of the Availability of Funds

Ohio Rev. Code, Section, 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides two exceptions to the above requirements:

A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

B. If the amount involved is less than one thousand dollars, the Clerk may authorize it to be paid through a Then and Now Certificate without the affirmation of the Board of Trustees, if such expenditure is otherwise valid.

In 73% items tested, the availability of funds was not properly certified. Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying the availability of funds in advance of making commitments and encumbering the appropriation, to avoid possible overspending.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

WARREN 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
JUNE 28, 2001**