



**WASHINGTON TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
MORROW COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Morrow County
3900 County Road 29
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 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 audit 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 audit provides 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, 1999 and December 31, 1998, 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 June 19, 2000, 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.

This report is intended solely for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 19, 2000

**WASHINGTON TOWNSHIP
MORROW 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>	
Cash Receipts:			
Local Taxes	\$18,831	\$52,152	\$70,983
Intergovernmental	57,995	60,353	118,348
Special Assessments	0	4,008	4,008
Licenses, Permits, and Fees	10,227	0	10,227
Interest	456	947	1,403
Other Receipts	108	11,528	11,636
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	87,617	128,988	216,605
Cash Disbursements:			
Current:			
General Government	37,053	0	37,053
Public Safety	0	17,890	17,890
Public Works	0	105,351	105,351
Health	4,239	24,084	28,323
Capital Outlay	43,978	0	43,978
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,270	147,325	232,595
 Total Receipts Over/(Under) Disbursements	 2,347	 (18,337)	 (15,990)
 Fund Cash Balances, January 1	 17,413	 89,607	 107,020
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$19,760</u>	<u>\$71,270</u>	<u>\$91,030</u>

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

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$18,275	\$50,675	\$68,950
Intergovernmental	23,740	58,324	82,064
Special Assessments	0	4,365	4,365
Licenses, Permits, and Fees	4,391	6,769	11,160
Interest	572	1,293	1,865
Other Receipts	1,533	9,865	11,398
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	48,511	131,291	179,802
 Cash Disbursements:			
Current:			
General Government	47,482	0	47,482
Public Safety	0	19,887	19,887
Public Works	0	99,888	99,888
Health	14,476	11,732	26,208
Capital Outlay	36	2,498	2,534
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,994	134,005	195,999
 Total Receipts Over/(Under) Disbursements	(13,483)	(2,714)	(16,197)
 Fund Cash Balances, January 1	30,896	92,321	123,217
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$17,413</u>	<u>\$89,607</u>	<u>\$107,020</u>

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

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Morrow 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, cemetery maintenance, and fire protection. The Township contracts with the Village of Iberia to provide fire 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. 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 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 Fund:

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

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. 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>1999</u>	<u>1998</u>
Demand deposits	<u>\$91,030</u>	<u>\$107,020</u>

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

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,928	\$87,617	\$11,689
Special Revenue	106,616	128,988	22,372
Total	<u>\$182,544</u>	<u>\$216,605</u>	<u>\$34,061</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,797	\$85,270	(\$34,473)
Special Revenue	195,915	147,325	48,590
Total	<u>\$246,712</u>	<u>\$232,595</u>	<u>\$14,117</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,516	\$48,511	\$11,995
Special Revenue	112,073	131,291	19,218
Total	<u>\$148,589</u>	<u>\$179,802</u>	<u>\$31,213</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,783	\$61,994	(\$3,211)
Special Revenue	202,455	134,005	68,450
Total	<u>\$261,238</u>	<u>\$195,999</u>	<u>\$65,239</u>

In 1999 expenditures exceed appropriations in the general fund by \$34,473.

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

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 SYSTEM

Township 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 postretirement 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Electronic Data Processing
- Errors and omissions



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

Washington Township
Morrow County
3900 County Road 29
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the financial statements of Washington Township, Morrow County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 19, 2000. We conducted our audit 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* which is described in the accompanying schedule of findings as item 1999-40659-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 19, 2000.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 19, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

June 19, 2000

**WASHINGTON TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40659-001

Ohio Revised Code section 5705.41(B) states that no taxing authority shall make any expenditure of money unless it has been properly appropriated.

In 1999 expenditures exceeded appropriations in the general fund by \$34,473. The Township has sufficient estimated resources to pass a supplemental appropriation. We recommend the Clerk closely monitor the appropriation ledger to ensure that expenditures do not exceed appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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WASHINGTON TOWNSHIP

MORROW 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
JULY 13, 2000**