



**WASHINGTON TOWNSHIP
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WASHINGTON TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Belmont County
46540 East Captina Highway
Alledonia, Ohio 43902

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Belmont County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 Washington Township, Belmont County, as of December 31, 1999 and 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 May 17, 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 the Board of Trustees, management 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

May 17, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$20,579	\$64,047		\$84,626
Intergovernmental Receipts	68,460	67,739	\$19,934	156,133
Earnings on Investments	920	473		1,393
	<u>89,959</u>	<u>132,259</u>	<u>19,934</u>	<u>242,152</u>
Cash Disbursements:				
Current:				
General Government	41,263			41,263
Public Safety	1,620			1,620
Public Works	8,709	103,575		112,284
Health	5,483			5,483
Capital Outlay	72,000		19,934	91,934
Debt Service:				
Note Principal Payments	500	1,215		1,715
Note Interest Payments		616		616
	<u>129,575</u>	<u>105,406</u>	<u>19,934</u>	<u>254,915</u>
Total Receipts Over/(Under) Disbursements	<u>(39,616)</u>	<u>26,853</u>	<u>0</u>	<u>(12,763)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale Of Notes	60,000			60,000
Other Financing Sources	177			177
	<u>60,177</u>	<u>0</u>	<u>0</u>	<u>60,177</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	20,561	26,853	0	47,414
Fund Cash Balances, January 1	<u>43,390</u>	<u>50,037</u>	<u>0</u>	<u>93,427</u>
Fund Cash Balances, December 31	<u>\$63,951</u>	<u>\$76,890</u>	<u>\$0</u>	<u>\$140,841</u>

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

**WASHINGTON TOWNSHIP
 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:			
Property Tax and Other Local Taxes	\$15,882	\$49,030	\$64,912
Intergovernmental Receipts	60,137	65,194	125,331
Earnings on Investments	1,242	416	1,658
Miscellaneous		1,013	1,013
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	77,261	115,653	192,914
Cash Disbursements:			
Current:			
General Government	41,162		41,162
Public Safety	1,620		1,620
Public Works	23,580	124,606	148,186
Health	4,766		4,766
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	71,128	124,606	195,734
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	6,133	(8,953)	(2,820)
Other Financing Receipts:			
Other Financing Sources	<hr/>	<hr/>	<hr/>
	2,295		2,295
Total Other Financing Receipts	<hr/>	<hr/>	<hr/>
	2,295	0	2,295
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	8,428	(8,953)	(525)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	34,962	58,990	93,952
Fund Cash Balances, December 31	<hr/> \$43,390	<hr/> \$50,037	<hr/> \$93,427

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Belmont 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, cemetery maintenance, and fire protection. The Township contracts with the Smith Township Fire Department and the Beallsville Volunteer Fire Department 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.

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 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 for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio through the Belmont County Engineer for road repair.

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. 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 reappropriated 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.

F. Unpaid Vacation and Sick Leave

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

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$140,841</u>	<u>\$93,427</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 1999, \$14,374 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,443	\$150,136	\$72,693
Special Revenue	102,367	132,259	29,892
Capital Projects	<u>19,934</u>	<u>19,934</u>	<u>19,934</u>
Total	<u>\$179,810</u>	<u>\$302,329</u>	<u>\$122,519</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,828	\$129,575	(\$8,747)
Special Revenue	152,383	105,406	46,977
Capital Projects	<u>19,934</u>	<u>19,934</u>	<u>0</u>
Total	<u>\$293,145</u>	<u>\$254,915</u>	<u>\$38,230</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,786	\$79,556	\$13,770
Special Revenue	<u>100,985</u>	<u>115,653</u>	<u>14,668</u>
Total	<u>\$166,771</u>	<u>\$195,209</u>	<u>\$28,438</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,716	\$71,128	\$29,588
Special Revenue	159,965	124,606	35,359
Total	\$260,681	\$195,734	\$64,947

At December 31, 1999, Issue II Fund appropriations exceeded estimated resources.

At December 31, 1999, General Fund disbursements exceeded appropriations.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
General Obligation Notes - Grader	\$58,285	6%

The general obligation notes were issued to finance the purchase of a grader. The notes are collateralized solely by the Township's taxing authority.

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

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Notes
2000	\$12,818
2001	13,983
2002	13,983
2003	13,983
2004	12,818
Total	<u><u>\$67,585</u></u>

6. RETIREMENT SYSTEMS

All of the Township's employees, as well as the Clerk and Trustees, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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, members of PERS 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The following risks are covered by OTARMA:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

The Township also provides health insurance to its officials and full-time employees through a private carrier.

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

Washington Township
Belmont County
46540 East Captina Highway
Alledonia, Ohio 43902

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Belmont County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 17, 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-41007-001, 1999-41007-002 and 1999-41007-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 17, 2000.

Washington Township
Belmont County
Report of Independent Accountants 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish at the end.

Jim Petro
Auditor of State

May 17, 2000

**WASHINGTON TOWNSHIP
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 1999-41007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Total disbursements were compared to total appropriations at year end at the fund, function, and object level (legal level of control). At December 31, 1999, General Fund disbursements exceeded appropriations by \$8,747, resulting from an audit adjustment to post debt activity.

We recommend all Township disbursements be recorded on their financial records and that Township officials monitor disbursements to insure they do not exceed appropriations.

FINDING NUMBER 1999-41007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from the fund as certified by the budget commission on the official certificate of estimated resources.

At December 31, 1999, Issue II Fund appropriations exceeded estimated resources by \$19,913.

We recommend the Township compare appropriations to estimated revenue for each fund when the annual appropriation resolution is adopted and when supplemental amendments are passed to insure amounts appropriated do not exceed estimated revenues. See additional accounting guidance on this matter in Auditor of State Management Advisory Bulletin 89-17 and Auditor of State Bulletin 2000-08.

FINDING NUMBER 1999-41007-003

Noncompliance Citation

Ohio Rev. Code Section 135.18 states the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During 1999 and 1998, the Township's deposits exceeded the FDIC coverage of \$100,000 and sufficient pledged collateral was not provided by their banking institution. At December 31, 1999, \$14,374 of deposits were not insured or collateralized.

We recommend the Township Clerk monitor depository balances and insure the banking institution pledges additional collateral when deposits exceed FDIC coverage.



STATE OF OHIO
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WASHINGTON TOWNSHIP

BELMONT 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
AUGUST 10, 2000