



**WASHINGTON TOWNSHIP
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
CLERMONT COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Clermont County
2238 State Route 756
Moscow, Ohio 45153

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 and reserves for encumbrances 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 August 23, 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 be read in conjunction with this report in considering the results of our audit.

Washington Township
Clermont County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, 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

August 23, 2001

**WASHINGTON TOWNSHIP
CLERMONT 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	\$285,550	\$2,013,668	\$2,299,218
Intergovernmental	123,904	102,299	226,203
Licenses, Permits, and Fees	2,817	0	2,817
Fines, Forfeitures, and Penalties	282	192	474
Earnings on Investments	165,635	9,760	175,395
Other Revenue	66,162	21,031	87,193
 Total Cash Receipts	 644,350	 2,146,950	 2,791,300
Cash Disbursements:			
Current:			
General Government	191,419	0	191,419
Public Safety	99,550	1,300,457	1,400,007
Public Works	10,707	408,484	419,191
Health	62,586	1,500	64,086
Conservation - Recreation	19,534	0	19,534
Capital Outlay	96,895	344,954	441,849
 Total Cash Disbursements	 480,691	 2,055,395	 2,536,086
 Total Receipts Over/(Under) Disbursements	 163,659	 91,555	 255,214
Other Financing Receipts/(Disbursements):			
Transfers-In	0	89,723	89,723
Transfers-Out	(89,723)		(89,723)
 Total Other Financing Receipts/(Disbursements)	 (89,723)	 89,723	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 73,936	 181,278	 255,214
 Fund Cash Balances, January 1	 75,782	 2,290,509	 2,366,291
 Fund Cash Balances, December 31	 \$149,718	 \$2,471,787	 \$2,621,505
 Reserve for Encumbrances, December 31	 \$378	 \$28,406	 \$28,784

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

**WASHINGTON TOWNSHIP
CLERMONT 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	\$319,574	\$2,266,140	\$2,585,714
Intergovernmental	48,519	203,277	251,796
Licenses, Permits, and Fees	4,665	0	4,665
Fines, Forfeitures, and Penalties	766	0	766
Earnings on Investments	104,389	7,232	111,621
Other Revenue	10,055	18,632	28,687
	<u>487,968</u>	<u>2,495,281</u>	<u>2,983,249</u>
Cash Disbursements:			
Current:			
General Government	283,368	6,749	290,117
Public Safety	86,988	1,300,272	1,387,260
Public Works	15,521	278,993	294,514
Health	66,065	2,000	68,065
Conservation - Recreation	24,711	0	24,711
Capital Outlay	73,993	340,171	414,164
	<u>550,646</u>	<u>1,928,185</u>	<u>2,478,831</u>
Total Cash Disbursements	<u>550,646</u>	<u>1,928,185</u>	<u>2,478,831</u>
Total Receipts Over/(Under) Disbursements	<u>(62,678)</u>	<u>567,096</u>	<u>504,418</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	96,903	96,903
Transfers-Out	(96,903)	0	(96,903)
Other Uses	7,560	0	7,560
	<u>(89,343)</u>	<u>96,903</u>	<u>7,560</u>
Total Other Financing Receipts/(Disbursements)	<u>(89,343)</u>	<u>96,903</u>	<u>7,560</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(152,021)	663,999	511,978
Fund Cash Balances, January 1	221,832	1,632,481	1,854,313
Fund Cash Balances, December 31	<u>\$69,811</u>	<u>\$2,296,480</u>	<u>\$2,366,291</u>
Reserve for Encumbrances, December 31	<u>\$85,561</u>	<u>\$14,946</u>	<u>\$100,507</u>

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

**WASHINGTON TOWNSHIP
CLERMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Clermont 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, fire protection and emergency medical services. The Township contracts with the Clermont County Sheriff for police 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 Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Fire District Fund - This fund receives local taxes to fund fire protection for the Township.

**WASHINGTON TOWNSHIP
CLERMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ambulance Fund - This fund receives tax monies to fund ambulance services for the Township.

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.

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.

G. 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
CLERMONT COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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	\$56,260	\$41,337
STAR Ohio	<u>2,565,245</u>	<u>2,324,954</u>
Total deposits and investments	<u><u>\$2,621,505</u></u>	<u><u>\$2,366,291</u></u>

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

Investments: Investment in STAR Ohio is are not evidenced by securities that exist in physical or book-entry form.

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	\$636,460	\$644,350	\$7,890
Special Revenue	<u>2,222,802</u>	<u>2,236,673</u>	<u>13,871</u>
Total	<u><u>\$2,859,262</u></u>	<u><u>\$2,881,023</u></u>	<u><u>\$21,761</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$674,881	\$570,792	\$104,089
Special Revenue	<u>4,513,553</u>	<u>2,083,801</u>	<u>2,429,752</u>
Total	<u><u>\$5,188,434</u></u>	<u><u>\$2,654,593</u></u>	<u><u>\$2,533,841</u></u>

**WASHINGTON TOWNSHIP
CLERMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$490,719	\$495,528	\$4,809
Special Revenue	2,574,606	2,592,184	17,578
Total	\$3,065,325	\$3,087,712	\$22,387

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$839,601	\$733,110	\$106,491
Special Revenue	3,982,347	1,943,131	2,039,216
Total	\$4,821,948	\$2,676,241	\$2,145,707

Contrary to Ohio law, appropriations exceeded the estimated resources at December 31, 1999 in the General Fund by \$121,074 or 14%.

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.

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

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

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. For 1999, the

**WASHINGTON TOWNSHIP
CLERMONT COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

Township contributed an amount equal to 13.55% of participants' gross salaries. PERS reduced the employer rate during 2000. For 2000, the Township contributed an amount equal to 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automotive, excess liability, crime, surety, and bond, inland marine and other coverages, modified for each members' need. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health and life insurance and dental and vision coverage to full-time employees through a private carrier.

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

Washington Township
Clermont County
2238 State Route 756
Moscow, Ohio 45153

To the Board of Trustees:

We have audited the financial statements of Washington Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 23, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 2000-40413-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 23, 2001.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-40413-001.

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. 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. However, we believe the reportable condition described above is not a material weakness. We also 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 August 23, 2001.

Washington Township
Clermont 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 the audit committee, 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

August 23, 2001

**WASHINGTON TOWNSHIP
CLERMONT 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 2000-40413-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.39, states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations (\$834,567) exceeded the estimated revenue (\$713,493) in the General Fund by \$121,074. The ability to pay bills and control cash flow could be affected by not monitoring the appropriations with the estimated revenue. We recommend the Board of Trustees periodically review the budgetary actions of the Township and make amendments as needed to avoid appropriations exceeding the estimated resources.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

CLERMONT 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
OCTOBER 2, 2001**