



**Auditor of State  
Betty Montgomery**



WASHINGTON TOWNSHIP  
DARKE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Washington Township  
Darke County  
6751 Hillgrove-Southern Road  
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Darke County (the Township), as of and for the years ended December 31, 2002 and 2001. 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 of the Township as of December 31, 2002 and 2001, 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 March 7, 2003, 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  
Darke County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, Township 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 7, 2003

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$24,406	\$35,245	\$59,651
Intergovernmental	83,652	61,437	145,089
Licenses, Permits, and Fees		2,315	2,315
Earnings on Investments	8,496	2,888	11,384
Other Revenue	299	800	1,099
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	116,853	102,685	219,538
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	68,071		68,071
Public Safety	5,444	8,341	13,785
Public Works		119,426	119,426
Health	9,087	2,221	11,308
Capital Outlay	1,554	5,605	7,159
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	84,156	135,593	219,749
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	32,697	(32,908)	(211)
Fund Cash Balances, January 1	169,225	135,496	304,721
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$201,922</u></b>	<b><u>\$102,588</u></b>	<b><u>\$304,510</u></b>

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

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,679	\$34,247	\$57,926
Intergovernmental	27,593	65,297	92,890
Licenses, Permits, and Fees		1,325	1,325
Earnings on Investments	10,637	4,558	15,195
Other Revenue	32	675	707
	<u>61,941</u>	<u>106,102</u>	<u>168,043</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	56,736		56,736
Public Safety	2,731	9,505	12,236
Public Works		55,174	55,174
Health	7,998	2,826	10,824
Capital Outlay	726		726
	<u>68,191</u>	<u>67,505</u>	<u>135,696</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(6,250)</u>	<u>38,597</u>	<u>32,347</u>
Fund Cash Balances, January 1	<u>175,475</u>	<u>96,899</u>	<u>272,374</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$169,225</u></b>	<b><u>\$135,496</u></b>	<b><u>\$304,721</u></b>

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



**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Washington Township, Darke 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Union City and Liberty Township to provide fire services and the Village of Union City to provide 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 Investments**

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.

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 Fund**

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:

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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

**Fire District Fund** – This fund receives the proceeds of a property tax levy for maintaining fire service for the Township.

**Permissive Motor Vehicle License Fund** – This fund receives the proceeds of a Township levied license fee for constructing, maintaining, and repairing Township roads.

**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 level of control and appropriations may not exceed estimated resources. The Council 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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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.

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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:

	2002	2001
Demand deposits	\$151,441	\$113,283
Certificates of deposit	153,069	191,438
Total deposits and investments	\$304,510	\$304,721

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

Contrary to Ohio law, the Township did not have depository agreements for all banks holding Township funds.

**Investments:** The Township has no investments.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,829	\$116,853	\$53,024
Special Revenue	112,207	102,685	(9,522)
Total	\$176,036	\$219,538	\$43,502

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,064	\$84,156	\$147,908
Special Revenue	247,557	135,593	111,964
Total	\$479,621	\$219,749	\$259,872

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,243	\$61,941	(\$9,302)
Special Revenue	108,156	106,102	(2,054)
Total	\$179,399	\$168,043	(\$11,356)

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$246,405	\$68,191	\$178,214
Special Revenue	204,896	67,505	137,391
Total	\$451,301	\$135,696	\$315,605

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Council. 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 payments, 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 SYSTEMS**

The Township's elected officials and other 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 2002 and 2001, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

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

Washington Township  
Darke County  
6751 Hillgrove-Southern Road  
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Darke County (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 7, 2003. 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 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 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 2002-40319-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 2003.

**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 do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 7, 2003.

Washington Township  
Darke County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

March 7, 2003

WASHINGTON TOWNSHIP  
DARKE COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-40319-001

**Noncompliance Citation:**

**Ohio Rev. Code Section 135.12**, requires that each governing board shall meet every five years, on the third Monday or other regular meeting date of the month next preceding the expiration of the designation of depositories, for the purpose of designating the public depositories and shall designate such public depositories and award the public money, of the subdivision, among the depositories so designated for the period of five years commencing on the date of expiration of the next preceding designation. Such designation shall be made in duplicate; one copy shall be retained by the governing board and one copy shall be certified to the treasurer of the subdivision.

The Township failed to have the required depository agreements in effect for the period of January 2001 through December 31, 2002. The Township had funds on deposit in four banks during the period while only having a depository agreement in effect with one bank in 2002 and two banks in 2001. \$235,531 out of \$317,712 of the Township's deposits were not covered by depository agreements in fiscal year 2002 and \$223,418 out of \$311,272 of the Township's deposits were not covered by depository agreements in fiscal year 2001.

The Township should develop policies and procedures to improve compliance with the depository agreement requirement.

**WASHINGTON TOWNSHIP  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-40319-001	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Partially Corrected – Improved for the audit period, the Clerk is beginning to use then and now statements when necessary and will use more blanket purchases at beginning of year for predictable expenses such as insurance, utilities, and UAN charges. Reported in a separate letter to management of the Township.
2000-40319-002	Ohio Rev. Code Section 5705.10, posting revenue from special levy to proper fund	Yes	N/A





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**WASHINGTON TOWNSHIP**

**DARKE 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  
APRIL 15, 2003**