

**WASHINGTON TOWNSHIP**

**AUDIT REPORT**

**JANUARY 1, 2003 – DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Washington Township, Coshocton County  
36640 Township Road 455  
Dresden, Ohio 43821

We have reviewed the *Independent Auditor's Report* of Washington Township, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Washington Township, Coshocton County, is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 20, 2005

**This Page is Intentionally Left Blank.**

**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**36640 Township Road 455  
Dresden, OH 43821**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2004**

<u>NAME</u>	<u>TITLE</u>	<u>TERM</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Robert McNichols	Trustee	01/01/04-12/31/07	(A)	\$5,000	(B)
Bruce Stevens	Trustee	05/27/03-12/31/05	(A)	\$5,000	(B)
David Ferrell	Trustee	01/01/02-12/31/05	(A)	\$5,000	(B)
D. Curtis Lee 36640 Township Road 455 Dresden, OH 43821	Clerk	04/01/04-03/31/08	(A)	\$10,000	(B)

**STATUTORY LEGAL COUNSEL**

Robert Batchelor, Prosecutor  
Coshocton County  
318 Chestnut Street  
Coshocton, OH 43812

(A) Ohio Government Risk Management Plan

(B) Concurrent with term

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES**

**General Fund Type:**

General Fund

**Special Revenue Fund Types:**

Motor Vehicle License Tax Fund

Gasoline Tax Fund

Road and Bridge Fund

Permissive Tax Fund

**Fiduciary Fund Type:**

Cemetery Non-Expendable Trust Fund

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Washington Township  
Dresden, Ohio

We have audited the accompanying financial statements of Washington Township as of and for the years ended December 31, 2004 and 2003. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Washington Township's combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Washington Township, Coshocton County, as of December 31, 2004 and 2003, 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 a report dated May 9, 2005, on our consideration of Washington Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in conjunction with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
May 9, 2005

**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 21,224	\$ 4,331	\$ 25,555
Intergovernmental	16,863	82,745	99,608
Interest	78	143	221
Miscellaneous	140	-	140
<b>TOTAL CASH RECEIPTS</b>	38,305	87,219	125,524
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	26,718	-	26,718
Public safety services	3,650	-	3,650
Public work activities	1,293	68,109	69,402
Public health services	2,053	1,074	3,127
Capital outlay	-	13,540	13,540
<b>TOTAL CASH DISBURSEMENTS</b>	33,714	82,723	116,437
<b>TOTAL RECEIPTS OVER(UNDER) CASH DISBURSEMENTS</b>	4,591	4,496	9,087
<b>FUND CASH BALANCES, JANUARY 1</b>	12,657	61,962	74,619
<b>FUND CASH BALANCES, DECEMBER 31</b>	\$ 17,248	\$ 66,458	\$ 83,706

See notes to financial statements.



**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Nonexpendable Trust</u>
<b>OPERATING CASH RECEIPTS:</b>	
Interest	\$ 69
<b>TOTAL OPERATING RECEIPTS</b>	<u>69</u>
<b>OPERATING CASH DISBURSEMENTS:</b>	
Purchased services	69
<b>TOTAL OPERATING CASH DISBURSEMENTS</b>	<u>69</u>
<b>OPERATING INCOME/(LOSS)</b>	-
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>13,694</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><u>\$ 13,694</u></u>

See notes to financial statements.

**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 17,986	\$ 3,671	\$ 21,657
Intergovernmental	16,501	66,299	82,800
Interest	85	156	241
Miscellaneous	21	276	297
<b>TOTAL CASH RECEIPTS</b>	34,593	70,402	104,995
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	35,395	-	35,395
Public safety services	3,450	-	3,450
Public work activities	1,299	42,489	43,788
Public health services	2,235	1,000	3,235
Capital outlay	-	20,835	20,835
<b>TOTAL CASH DISBURSEMENTS</b>	42,379	64,324	106,703
<b>TOTAL RECEIPTS OVER(Under) CASH DISBURSEMENTS</b>	(7,786)	6,078	(1,708)
<b>FUND CASH BALANCES, JANUARY 1</b>	20,443	55,884	76,327
<b>FUND CASH BALANCES, DECEMBER 31</b>	\$ 12,657	\$ 61,962	\$ 74,619

See notes to financial statements.

WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Nonexpendable Trust</u>
FUND CASH BALANCES, JANUARY 1	<u>\$ 13,694</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$ 13,694</u></u>

See notes to financial statements.

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Washington Township (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 maintenance of Township roads, cemeteries, and fire protection. The Township contracts with the Frazeyburg Volunteer Fire Department to provide fire protection.

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 cash 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 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**

All cash is maintained in a pooled checking account. CD's are valued at cost.

**D. 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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:

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

**Motor Vehicle License Tax Fund** – This fund receives motor vehicle tax receipts for constructing, maintaining and repairing Township roads and to pay the part-time equipment operator’s wages.

**Gasoline Tax Fund** – This fund receives gasoline tax receipts for maintaining and repairing Township roads and to pay the Trustees’ salaries.

**Road and Bridge Fund** - This fund receives real estate and personal property tax money for the construction, repair and maintenance of Township roads and bridges.

**Permissive Motor Vehicle License Fund** – This fund receives county motor vehicle license tax money for the construction, repair and maintenance of Township roads and bridges.

**Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following significant Fiduciary Funds:

**Non-Expendable Trust Fund** – This fund receives money from the bequests of individuals. The earnings of which are expended for the upkeep of cemeteries and the purchase of cemetery land.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**E. Budgetary Process (Continued)**

**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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A Summary of 2004 and 2003 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 in 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>2004</u>	<u>2003</u>
Demand Deposits	\$ 83,706	\$ 74,619
Certificates of deposits	<u>13,694</u>	<u>13,694</u>
Total	<u>\$ 97,400</u>	<u>\$ 88,313</u>

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation.

**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Budgetary Activity**

Budgetary activity for the years ended December 31, 2004 and 2003 was as follows:

**2004 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	36,659	38,305	1,646
Special Revenue	78,606	87,219	8,613
Fiduciary	<u>250</u>	<u>69</u>	<u>181</u>
Total	<u>\$ 115,515</u>	<u>\$ 125,593</u>	<u>\$ 10,440</u>

**2004 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 49,316	\$ 33,714	\$ 15,602
Special Revenue	140,568	82,723	57,845
Fiduciary	<u>13,944</u>	<u>69</u>	<u>13,875</u>
Total	<u>\$ 203,828</u>	<u>\$ 116,506</u>	<u>\$ 87,322</u>

**2003 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 35,830	\$ 34,593	\$ (1,237)
Special Revenue	<u>69,997</u>	<u>70,402</u>	<u>405</u>
	<u>\$ 105,827</u>	<u>\$ 104,995</u>	<u>\$ (832)</u>

**2003 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 56,273	\$ 42,379	\$ 13,894
Special Revenue	<u>125,881</u>	<u>64,324</u>	<u>61,557</u>
Total	<u>\$ 182,154</u>	<u>\$ 106,704</u>	<u>\$ 75,451</u>

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 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. Lease**

The lease was paid off in 2004.

**6. Retirement Systems**

The Township's Trustees, Clerk and part-time 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 health care, 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 2004 and 2003, 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, 2004.

**7. Risk Management**

The Township maintains insurance coverage through Ohio Risk Management that provides the following coverages:

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

The Township also provides health insurance to the Trustees and the Clerk through a private carrier.



**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Board of Trustees  
Washington Township  
Dresden, Ohio

We have audited the financial statements of Washington Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 9, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Washington Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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 certain immaterial matters concerning the internal control structure and its operation that we have reported to the management of Washington Township in a separate letter dated May 9, 2005.

**Compliance**

As part of obtaining reasonable assurance about whether Washington Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2004-01.

This report is intended for the information of the Board of Trustees and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
May 9, 2005

**WASHINGTON TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

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

FINDING NUMBER 2004-01

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 60.0% of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Township can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Trustees. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by the Trustees within thirty days after payment.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WASHINGTON TOWNSHIP**

**COSHOCTON 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 5, 2005**