

---

---

**WASHINGTON TOWNSHIP  
MORROW COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004**

*Whited Seigneur Sams & Rahe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • [wssr@horizonview.net](mailto:wssr@horizonview.net)

---

---





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Washington Township  
3900 County Road 29  
Mt. Gilead, Ohio 43338

We have reviewed the *Report of Independent Auditor* of Washington Township, Morrow County, prepared by Whited, Seigneur, Sams & Rahe, LLP, for the audit period January 1, 2004 through December 31, 2005. 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 *Report of Independent Auditor* 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 *Report of Independent Auditor* 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 is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

January 18, 2007

**This Page is Intentionally Left Blank.**

WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO

TABLE OF CONTENTS

	Page
Report of Independent Auditor .....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	4
Notes to the Financial Statements .....	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

**This Page is Intentionally Left Blank.**

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

---

July 28, 2006

Board of Trustees  
Washington Township  
Morrow County  
3900 County Road 29  
Mt. Gilead, Ohio 43338

## Report of Independent Auditor

We have audited the accompanying financial statements of Washington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004. 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 audits.

We conducted our audits 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 audits to reasonably assure 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 audits provide 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, 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 the Township's combined funds as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

The Township's bank reconciliations were not properly completed and not all reconciling adjustments were reflected in the general ledger for the years ended December 31, 2005 and 2004 as required by generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the bank reconciliations been properly prepared and all reconciling adjustments posted, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Washington Township, Morrow County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2006 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 22,818	\$ 83,174	\$ 105,992
Licenses, Permits & Fees	11,932	0	11,932
Special Assessments	0	4,191	4,191
Intergovernmental Receipts	23,561	87,515	111,076
Earnings on Investments	275	100	375
Other Receipts	<u>887</u>	<u>4,700</u>	<u>5,587</u>
<b>TOTAL CASH RECEIPTS</b>	59,473	179,680	239,153
<b>CASH DISBURSEMENTS</b>			
General Government	50,028	2,731	52,759
Public Safety	0	49,074	49,074
Public Works	4,243	96,668	100,911
Health	347	13,771	14,118
Capital Outlay	<u>0</u>	<u>2,028</u>	<u>2,028</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>54,618</u>	<u>164,272</u>	<u>218,890</u>
<b>TOTAL CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS</b>	4,855	15,408	20,263
Fund Cash Balances, January 1, 2005	<u>(19,479)</u>	<u>52,281</u>	<u>32,802</u>
Fund Cash Balances, December 31, 2005	<u>\$ (14,624)</u>	<u>\$ 67,689</u>	<u>\$ 53,065</u>
Reserve for Encumbrances, December 31, 2005	<u>\$ 0</u>	<u>\$ 90</u>	<u>\$ 90</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 22,530	\$ 80,865	\$ 103,395
Licenses, Permits & Fees	11,753	0	11,753
Special Assessments	0	4,368	4,368
Intergovernmental Receipts	21,082	76,625	97,707
Earnings on Investments	170	95	265
Other Receipts	<u>3,925</u>	<u>3,400</u>	<u>7,325</u>
<b>TOTAL CASH RECEIPTS</b>	59,460	165,353	224,813
<b>CASH DISBURSEMENTS</b>			
General Government	68,546	1,698	70,244
Public Safety	0	33,400	33,400
Public Works	1,458	100,309	101,767
Health	3,019	19,128	22,147
Capital Outlay	<u>0</u>	<u>16</u>	<u>16</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>73,023</u>	<u>154,551</u>	<u>227,574</u>
<b>TOTAL CASH RECEIPTS OVER/ (UNDER) CASH DISBURSEMENTS</b>	(13,563)	10,802	(2,761)
<b>OTHER FINANCING SOURCES</b>			
Transfers -In	4,800	0	4,800
Transfers -Out	<u>0</u>	<u>(4,800)</u>	<u>(4,800)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>4,800</u>	<u>(4,800)</u>	<u>0</u>
<b>EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER/(UNDER) CASH DISBURSEMENTS</b>	(8,763)	6,002	(2,761)
Fund Cash Balances, January 1, 2004	<u>(10,716)</u>	<u>46,279</u>	<u>35,563</u>
Fund Cash Balances, December 31, 2004	<u>\$ (19,479)</u>	<u>\$ 52,281</u>	<u>\$ 32,802</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 0</u>	<u>\$ 90</u>	<u>\$ 90</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **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 and cemetery maintenance. The Township contracts with the Iberia Volunteer Fire Department to provide fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

- **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.

- **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 to be accounted for in another fund.
- **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:

Cemetery Special Levy Fund - This fund receives property tax money for reconstruction, maintenance and repair of Township cemeteries.

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

Fire Special Levy Fund - This fund receives property tax money to provide fire protection services to Township residents.

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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

- **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object levels 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 2005 and 2004 budgetary activity appears in Note 3.

- **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:

	2005	2004
Demand Deposits	\$ 53,065	\$ 32,802
Totals	\$ 53,065	\$ 32,802

**Deposits**

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

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 were as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 72,808	\$ 59,473	\$ (13,335)
Special Revenue	<u>183,396</u>	<u>179,680</u>	<u>(3,716)</u>
TOTAL	<u>\$ 256,204</u>	<u>\$ 239,153</u>	<u>\$ (17,051)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 71,100	\$ 54,618	\$ 16,482
Special Revenue	<u>231,794</u>	<u>164,362</u>	<u>67,432</u>
TOTAL	<u>\$ 302,894</u>	<u>\$ 218,980</u>	<u>\$ 83,914</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 72,889	\$ 64,260	\$ (8,629)
Special Revenue	<u>174,676</u>	<u>165,353</u>	<u>(9,323)</u>
TOTAL	<u>\$ 247,565</u>	<u>\$ 229,613</u>	<u>\$ (17,952)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 95,963	\$ 73,023	\$ 22,940
Special Revenue	<u>197,740</u>	<u>159,441</u>	<u>38,299</u>
TOTAL	<u>\$ 293,703</u>	<u>\$ 232,464</u>	<u>\$ 61,239</u>

**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 payments, 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.

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**5. RETIREMENT SYSTEMS**

The 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 post-retirement 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. 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, 2005.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful acts

**7. LEGAL COMPLIANCE**

Pursuant to Section 117.11 of the Ohio Revised Code, the Independent Public Accountant performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's recommendations and citations are included in a separate part of this presentation.

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828  
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

---

July 28, 2006

Board of Trustees  
Washington Township  
Morrow County  
3900 County Road 29  
Mt. Gilead, Ohio 43338

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

We have audited the accompanying financial statements of Washington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 28, 2006, 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. The report was qualified because the Township's bank reconciliations were not properly completed and not all reconciling adjustments were reflected in the general ledger for the years ended December 31, 2005 and 2004 as required by generally accepted accounting principles. We conducted our audits 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 audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 judgment, could adversely affect the Township's ability to initiate, record, process, 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 2005-007.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2005-007 to be a material weakness.

## Compliance and Other Matters

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 grant agreements, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2005-001 through 2005-006.

We, also, noted certain additional matters that we have reported to management of the Township in a separate letter dated July 28, 2006.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-001**

Ohio Rev. Code Section 5705.34 provides that each taxing authority is to pass a resolution to authorize the necessary tax levies and certify the levies to the county auditor before October 1<sup>st</sup>.

The Township's minutes did not indicate the passage of this annual resolution in either year. We were presented blank unsigned resolution forms as evidence of compliance. Per inquiry, the Morrow County Auditor indicated that there were no resolutions remitted back to her office and kept on file. We, therefore, concluded that these annual resolutions were never passed by the Board of Trustees and remitted to the Morrow County Auditor. This finding was previously reported for the 2003 audit.

Auditee's Response:

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-002**

Ohio Rev. Code Section 5705.36 provides that on or about the first day of each fiscal year, the township clerk is to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Ohio Rev. Code Section 5705.36 also allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Although estimates had been entered into its computerized accounting system, the Township did not certify the total amount from all sources available via the standard form nor any other form to the Morrow County Auditor. Also, given the uncertified estimates entered into the system, the General, Motor Vehicle License, Road and Bridge, Cemetery, and Street Lighting Funds in 2005 and 2004, and the Fire and Cemetery Special Levy Funds in 2004 were found to have actual receipts less than what was estimated. This means that the Township could have obtained a reduced amended certificate of estimated resources and made a corresponding reduction in appropriated amounts. This finding was previously reported for the 2003 audit.

Auditee's Response:

We did not receive a response from Officials to this finding.

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-003**

Ohio Rev. Code Sections 5705.39 and 5705.41(A) provide that the total appropriations from each fund shall not exceed the total estimated revenue. Also, 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 Township, as stated above, never filed a certificate of total estimated resources nor did they file an appropriation resolution with the Morrow County Auditor in 2004. However, uncertified receipt estimates and appropriations approved by the Board of Trustees were entered into the Township's computerized accounting system in both years. Given the uncertified estimates and appropriations entered into the system, the Gas Tax Fund had appropriations exceeding estimated resources in 2004. As such, given actual resources, the Township could have increased its estimated resources or adjusted appropriations. In 2005, the Cemetery Special Levy, Motor Vehicle License and Gas Tax Funds had appropriations which exceeded both actual and estimated resources. In 2004, actual and estimated resources were exceeded by appropriations in the General, Road and Bridge, and Motor Vehicle License Funds. For these funds, appropriations should have been reduced. This finding was previously reported for the 2003 audit.

Auditee's Response:

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-004**

Ohio Rev. Code Section 5705.10 states in part that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. In 2005 and 2004, real estate and personal property taxes and one gas excise tax were incorrectly posted. Also, some payments received from the County Auditor were received and deposited but not posted to the general ledgers or journals.

Fund adjustments have been made known to the Township and are reflected in this report. As a result of these adjustments, the General and Road and Bridge Funds have significant negative fund balances at December 31, 2005. A negative fund balance indicates that money from one fund is being used to cover the expenses of another fund.

We recommend that taxes in the Road and Bridge and Road and Bridge-Special Levy Funds be properly posted according to the County Auditor's tax settlement sheets. Also, all gas excise tax payments received should be posted to the Gas Tax Fund. All other funds received need to be posted in order to properly reconcile the bank balances to the general ledgers and journals. This finding was previously reported for the 2003 audit.

Auditee's Response:

We did not receive a response from Officials to this finding.

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-005**

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 address transfers of funds. These sections state that no transfer can be made from one fund of a subdivision to any other fund unless it meets one of the exceptions listed under these sections. In 2004, a transfer of \$4,800 that does not meet one of the exceptions was made from the Gas Tax Fund to the General Fund. No approval of this transfer or purpose of such transfer was mentioned in the minute record.

Auditee's Response:

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-006**

26 U.S.C. Chapters 3401 through 3406, 26 C.F.R., and Ohio Rev. Code 5747.06 represent codes, regulations, and requirements governing the reporting and filing of specific forms such as 941s and W-2s and collection of income tax at the source on wages.

We noted that Federal 941 forms were not filed in 2004 and 2005 and W-2s were not filed in 2004. This has been corrected with the filing of delinquent 941 forms and W-2s in 2006. We strongly urge that these forms be filed timely.

Additionally, we noted that the Township has checks for the payment of certain payroll trust funds (federal and state withholdings and employer contributions) outstanding on its bank reconciliations at December 31, 2005 and 2004. Late payment of these funds could result in penalties and interest being charged to the Township. The Township Fiscal Officer and Trustees could also be found personally liable for these unpaid trust funds if the Township lacks the resources to make payment.

Auditee's Response:

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2005-007**

Due to the lack of staff with which to delegate duties to result in a satisfactory internal control system, it is necessary that the Board of Trustees provide proper oversight of the financial operations of the Township.

While we noted that the trustees are initialing the bank reconciliations on a monthly basis thereby signaling that the bank balance and checking book balance are correct, we did not see any indication that the trustees reviewed the bank reconciliations for unusual items. The bank reconciliations throughout the two year period contained old outstanding items that should have been questioned as to why they had not cleared or been paid into the unclaimed funds account. As mentioned in item 2005-006, many of these outstanding items relate to payroll trust fund payments that have not been timely paid. Penalties and interest could result from these late payments and the Fiscal Officer and Trustees could also be found personally liable.

Other items on the outstanding check list appear to be items that have been paid by another check. For example, the December 2005 reconciliation reflects outstanding checks for utilities and cell phone service for prior periods. A review of the current statements does not reflect these items as unpaid.

**WASHINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-007 (Continued)**

Check number 14645 and 14661 are to the same vendor and in the same amount and dated the same date. Both checks were signed by the fiscal officer and trustees. Both checks are listed as outstanding at December 31, 2005 and both checks are in the invoice file marked cleared electronically. Additionally, the reconciliations were being forced to balance by showing a deposit in transit for unexplained differences. As a result, receipt number SR102-2004 in the amount of \$700 for cemetery plots was not deposited until 2006 when it was located in a file during the audit. Some checks that had previously been recorded as outstanding have been removed from the outstanding check list without explanation.

Auditee's Response:

We did not receive a response from Officials to this finding.



**Mary Taylor, CPA**  
Auditor of State

**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  
JANUARY 30, 2007**