



**WASHINGTON TOWNSHIP
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WASHINGTON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Scioto County
520 Calverts Lane
Portsmouth, OH 45663

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Washington Township, Scioto County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 20, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$41,673	\$362,619	\$31,100	\$435,392
Intergovernmental	40,119	200,717		240,836
Licenses, Permits, and Fees	39,622			39,622
Earnings on Investments	13,778	2,786		16,564
Other Revenue	540	525		1,065
	<u>135,732</u>	<u>566,647</u>	<u>31,100</u>	<u>733,479</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	89,563	28,762		118,325
Public Safety		205,455		205,455
Public Works	16,900	277,301		294,201
Health	18,311			18,311
Debt Service:				
Redemption of Principal			61,905	61,905
Interest and Fiscal Charges			4,082	4,082
Capital Outlay	24,023			24,023
	<u>148,797</u>	<u>511,518</u>	<u>65,987</u>	<u>726,302</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(13,065)</u>	<u>55,129</u>	<u>(34,887)</u>	<u>7,177</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		35,705		35,705
Transfers-Out		(35,705)		(35,705)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,065)	55,129	(34,887)	7,177
Fund Cash Balances, January 1	168,473	390,130	34,887	593,490
Fund Cash Balances, December 31	<u>\$155,408</u>	<u>\$445,259</u>	<u>\$0</u>	<u>\$600,667</u>

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

**WASHINGTON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$37,811	\$269,014	\$38,090	\$344,915
Intergovernmental	95,931	143,863		239,794
Licenses, Permits, and Fees	19,633			19,633
Earnings on Investments	9,878	2,201		12,079
Other Revenue	11,139	25,876		37,015
	<u>174,392</u>	<u>440,954</u>	<u>38,090</u>	<u>653,436</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	80,354	34,649		115,003
Public Safety		135,281		135,281
Public Works	9,289	151,948		161,237
Health	13,944			13,944
Debt Service:				
Redemption of Principal			6,033	6,033
Interest and Fiscal Charges			4,193	4,193
Capital Outlay	37,710			37,710
	<u>141,297</u>	<u>321,878</u>	<u>10,226</u>	<u>473,401</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	33,095	119,076	27,864	180,035
Fund Cash Balances, January 1	135,378	271,054	7,023	413,455
Fund Cash Balances, December 31	<u>\$168,473</u>	<u>\$390,130</u>	<u>\$34,887</u>	<u>\$593,490</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Scioto 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 Scioto County Sheriff's Office to provide expanded police 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 disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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 Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Special Levy Road Fund - This fund receives money from a tax levied for the purpose of road and bridge maintenance.

Special Levy Ambulance - This fund receives money from a tax levied for the purpose of operating and maintaining emergency medical services for the Township.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement - This fund receives money from real estate taxes for the payment of a note at First Star Bank and a note at Oak Hill Bank.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

Employees are entitled to cash payments for unused vacation at the end of the year. Unpaid vacation is not reflected as liabilities under the basis of accounting used by the Township.

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

2. EQUITY IN POOLED CASH 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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$595,667	\$588,490
Certificates of deposit	<u>5,000</u>	<u>5,000</u>
Total deposits	<u><u>\$600,667</u></u>	<u><u>\$593,490</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,905	\$135,732	\$16,827
Special Revenue	602,353	602,352	(1)
Debt Service	<u>31,100</u>	<u>31,100</u>	<u>0</u>
Total	<u><u>\$752,358</u></u>	<u><u>\$769,184</u></u>	<u><u>\$16,826</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,724	\$148,797	\$108,927
Special Revenue	1,012,708	547,223	465,485
Debt Service	<u>34,887</u>	<u>65,987</u>	<u>(31,100)</u>
Total	<u><u>\$1,305,319</u></u>	<u><u>\$762,007</u></u>	<u><u>\$543,312</u></u>

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

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,392	\$174,392	\$0
Special Revenue	440,954	440,954	0
Debt Service	38,090	38,090	0
Total	<u>\$653,436</u>	<u>\$653,436</u>	<u>\$0</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,660	\$141,297	\$87,363
Special Revenue	628,900	321,878	307,022
Debt Service	38,023	10,226	27,797
Total	<u>\$895,583</u>	<u>\$473,401</u>	<u>\$422,182</u>

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.

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 SYSTEM

The Township's 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 1999 and 1998, 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, 1999.

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

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA is a public entity self-insurance pool providing property and liability coverage to Townships in the State of Ohio. The following items are covered:

- Legal liability - third party claims coverage
- Wrongful acts coverage
- Automobile physical damage
- Property coverage

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

8. SUBSEQUENT EVENTS

In January 2000, the Township entered into a loan in the amount of \$114,283 for the purchase of a new fire truck. Repayment will be in six semiannual payments of \$19,047 plus \$1,969 interest.

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

Washington Township
Scioto County
520 Calverts Lane
Portsmouth, OH 45663

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 June 20, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

SCIOTO 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
SEPTEMBER 12, 2000**