



**WASHINGTON TOWNSHIP
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

WASHINGTON TOWNSHIP
PAULDING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Paulding County
22791 Road 12
Cloverdale, Ohio 45827-9163

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Paulding County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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.

Jim Petro
Auditor of State

April 17, 2001

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$16,465	\$34,171		\$50,636
Intergovernmental	14,257	74,810		89,067
Licenses, Permits, and Fees		5,505		5,505
Earnings on Investments	1,837		\$1,857	3,694
Other Revenue	1,755	10,342		12,097
	<u>34,314</u>	<u>124,828</u>	<u>1,857</u>	<u>160,999</u>
Total Cash Receipts				
	<u>34,314</u>	<u>124,828</u>	<u>1,857</u>	<u>160,999</u>
Cash Disbursements:				
Current:				
General Government	29,122	4,179		33,301
Public Safety		7,115		7,115
Public Works		69,865		69,865
Supplies and Materials			280	280
Health	315	16,252	30	16,597
Debt Service:				
Redemption of Principal		4,000		4,000
Interest and Fiscal Charges		538		538
Capital Outlay	700	8,661		9,361
	<u>30,137</u>	<u>110,610</u>	<u>310</u>	<u>141,057</u>
Total Cash Disbursements				
	<u>30,137</u>	<u>110,610</u>	<u>310</u>	<u>141,057</u>
Total Receipts Over Disbursements	<u>4,177</u>	<u>14,218</u>	<u>1,547</u>	<u>19,942</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		200		200
Transfers-Out	(200)			(200)
	<u>(200)</u>	<u>200</u>		
Total Other Financing Receipts/(Disbursements)				
	<u>(200)</u>	<u>200</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>3,977</u>	<u>14,418</u>	<u>1,547</u>	<u>19,942</u>
Fund Cash Balances, January 1	<u>8,903</u>	<u>77,908</u>	<u>41,837</u>	<u>128,648</u>
Fund Cash Balances, December 31	<u>\$12,880</u>	<u>\$92,326</u>	<u>\$43,384</u>	<u>\$148,590</u>
Reserves for Encumbrances, December 31	<u>\$58</u>	<u>\$300</u>		<u>\$358</u>

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

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$15,068	\$31,748		\$46,816
Intergovernmental	13,939	98,500		112,439
Licenses, Permits, and Fees		6,000		6,000
Earnings on Investments	591	515	\$1,718	2,824
Other Revenue	1,675	8,142		9,817
	<u>31,273</u>	<u>144,905</u>	<u>1,718</u>	<u>177,896</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	30,933	3,515		34,448
Public Safety		6,115		6,115
Public Works	651	85,812		86,463
Health	320	9,925		10,245
Supplies and Materials			204	204
Debt Service:				
Redemption of Principal		3,345		3,345
Interest and Fiscal Charges		342		342
Capital Outlay	532	5,729		6,261
	<u>32,436</u>	<u>114,783</u>	<u>204</u>	<u>147,423</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(1,163)</u>	<u>30,122</u>	<u>1,514</u>	<u>30,473</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,225		1,225
Transfers-Out	(1,225)			(1,225)
	<u>(1,225)</u>	<u>1,225</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,388)	31,347	1,514	30,473
Fund Cash Balances, January 1	<u>11,291</u>	<u>46,561</u>	<u>40,323</u>	<u>98,175</u>
Fund Cash Balances, December 31	<u>\$8,903</u>	<u>\$77,908</u>	<u>\$41,837</u>	<u>\$128,648</u>
Reserves for Encumbrances, December 31				

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

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Paulding 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 general governmental services. The Township contracts with the Villages of Grover Hill and Oakwood for fire protection and ambulance services, and the Ottoville Community Fire Company for 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 disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

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

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (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
PAULDING COUNTY**

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

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

CDBG Fund - The Township received the benefit of Community Development Block Grant monies for the maintenance and repair of Township roads.

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Middle Creek Joint Cemetery Fund (Fund 8001) - This fund was established as a nonexpendable trust fund for the maintenance and upkeep of the mausoleum on the behalf of Calvin C. Mericle.

Middle Creek Joint Cemetery Fund (Fund 8002) - This fund was established as a nonexpendable trust fund for the maintenance and upkeep of the mausoleum on the behalf of Elwood M. Gilbert.

Middle Creek Joint Cemetery Fund (Fund 8003) - This fund was established as a nonexpendable trust fund for the maintenance and upkeep of the mausoleum on the behalf of Lloyd and Georgeanna Phillips.

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 for 1999 and at the fund-function-object level for 2000, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

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

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$115,590	\$95,648
Certificates of deposit	33,000	33,000
Total deposits	<u>\$148,590</u>	<u>\$128,648</u>

Deposits are insured by the Federal Depository Insurance Corporation up to \$100,000.

At December 31, 2000 and 1999, \$54,582 and \$36,405, respectively, of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,282	\$34,314	\$3,032
Special Revenue	120,753	125,028	4,275
Fiduciary Funds	1,667	1,857	190
Total	<u>\$153,702</u>	<u>\$161,199</u>	<u>\$7,497</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,886	\$30,395	\$9,491
Special Revenue	180,140	110,910	69,230
Fiduciary Funds	6,240	310	5,930
Total	<u>\$226,266</u>	<u>\$141,615</u>	<u>\$84,651</u>

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,226	\$31,273	(\$1,953)
Special Revenue	116,354	146,130	29,776
Capital Project	3,800		(3,800)
Fiduciary Funds	1,871	1,718	(153)
Total	\$155,251	\$179,121	\$23,870

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,318	\$33,661	\$10,657
Special Revenue	173,938	114,783	59,155
Capital Project	3,800		3,800
Fiduciary Funds	6,340	204	6,136
Total	\$228,396	\$148,648	\$79,748

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. DEBT

Debt outstanding at December 31, 2000 was as follows:

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

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

	Principal	Interest Rate
General Obligation Note	\$5,104	7%

The general obligation note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is secured by the dump truck.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2001	\$3,598
2002	2,109
Total	\$5,707

6. RETIREMENT SYSTEMS

Township personnel belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% of participants' gross salaries during 2000 and 13.55% for 1999. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Legal liability;
- Vehicles;
- Wrongful Acts;
- Public Officials Liability; and
- Property.

The Township has a group insurance plan for cancer and intensive care insurance coverage. These benefits were made available to the Township officials at no cost to the Township. The officials either reimbursed the Township or were billed directly by the private carrier. The Township also provides medical and life insurance for its full time employee.

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

Washington Township
Paulding County
22791 Road 12
Cloverdale, Ohio 45827-9163

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Paulding County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 17, 2001. We conducted our audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40263-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 17, 2001.

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 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 April 17, 2001.

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

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

Jim Petro
Auditor of State

April 17, 2001

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40263-001

Noncompliance Citation

Ohio Revised Code § 135.18 requires the treasurer before making a deposit in a public depository to require the institution to pledge eligible securities, as collateral, to adequately protect the public money deposited in excess of the amounts covered by federal depository insurance. Such collateral is to be deposited with the treasurer or with a qualified third party trustee.

The Township had deposits that exceeded federal depository insurance at December 31, 2000 and 1999, by \$54,582 and \$36,405 respectively, with no collateral provided to cover these amounts.

The Township should monitor deposits and require its depository to pledge securities, as collateral, for the Township monies deposited in excess of the federal depository insurance.

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**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-40263-001	ORC § 135.18 lack of sufficient collateral for all Township deposits	No	Finding repeated this audit #2000-40263-001
1998-40263-002	ORC § 5705.41(B) expenditures in excess of appropriations.	No	Some improvement noted allowing this comment to be reduced to a management letter comment.



STATE OF OHIO
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WASHINGTON TOWNSHIP

PAULDING 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
MAY 8, 2001**