



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WASHINGTON TOWNSHIP
FRANKLIN, UNION AND DELAWARE COUNTIES**

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Delaware, Franklin, and Union Counties
5965 Wilcox Place, Suite B and C
Dublin, Ohio 43016

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Delaware, Franklin, and Union Counties, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 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 audits provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and December 31, 2000, 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 May 8, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board 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.

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JIM PETRO
Auditor of State

May 8, 2002

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**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$ 584,298	\$ 11,436,379	\$ 58,480	\$ 12,079,157
Intergovernmental	136,161	1,355,819	7,002	1,498,982
Licenses, Permits, and Fees	2,973	15,431	-	18,404
Earnings on Investments	338,670	-	-	338,670
Other Receipts	394,757	94,664	-	489,421
	<u>1,456,859</u>	<u>12,902,293</u>	<u>65,482</u>	<u>14,424,634</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	738,821	-	-	738,821
Public Safety	-	10,099,993	700	10,100,693
Public Works	-	38,356	-	38,356
Debt Service:				
Redemption of Principal	-	385,000	30,000	415,000
Interest and Fiscal Charges	-	109,200	32,625	141,825
Capital Outlay	702,764	926,519	-	1,629,283
	<u>1,441,585</u>	<u>11,559,068</u>	<u>63,325</u>	<u>13,063,978</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>15,274</u>	<u>1,343,225</u>	<u>2,157</u>	<u>1,360,656</u>
Fund Cash Balances, January 1,	<u>2,128,397</u>	<u>3,379,197</u>	<u>225,958</u>	<u>5,733,552</u>
Fund Cash Balances, December 31,	<u>\$ 2,143,671</u>	<u>\$ 4,722,422</u>	<u>\$ 228,115</u>	<u>\$ 7,094,208</u>

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

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$ 568,615	\$ 10,094,701	\$ 68,268	\$ 10,731,584
Intergovernmental	252,792	1,132,369	7,864	1,393,025
Licenses, Permits, and Fees	1,325	9,297	-	10,622
Earnings on Investments	352,980	-	-	352,980
Other Receipts	95,636	168,591	-	264,227
Total Cash Receipts	1,271,348	11,404,958	76,132	12,752,438
Cash Disbursements:				
Current:				
General Government	725,225	-	-	725,225
Public Safety	-	9,313,150	-	9,313,150
Public Works	-	40,548	-	40,548
Debt Service:				
Redemption of Principal	-	385,000	30,000	415,000
Interest and Fiscal Charges	-	130,650	34,875	165,525
Capital Outlay	247,311	620,090	1,145	868,546
Total Cash Disbursements	972,536	10,489,438	66,020	11,527,994
Total Cash Receipts Over/(Under) Cash Disbursements	298,812	915,520	10,112	1,224,444
Fund Cash Balances, January 1,	1,829,585	2,463,677	215,846	4,509,108
Fund Cash Balances, December 31,	\$ 2,128,397	\$ 3,379,197	\$ 225,958	\$ 5,733,552

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

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Delaware, Franklin, and Union Counties, 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 fire protection, emergency medical services, and road and bridge services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

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

Overnight repurchase agreements and governmental securities are valued at cost. Money market mutual funds (including STAR OHIO) are recorded at share values reported by the mutual fund

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.

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Fire District Fund - This fund receives property tax money and other intergovernmental receipts for maintaining and operating the Township fire department.

Police District Fund - This fund receives property tax money for providing police protection. The Township currently contracts with the City of Dublin for dispatching services and the Franklin County Sheriff's Department for policing services.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

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 and 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 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Fifth Third Savings Account	\$1,004,780	\$0
Total deposits	\$1,004,780	\$0
Money Market 5/3rd Bank US Treasury	(17,219)	117,612
STAR Ohio	2,519,652	2,157,221
Repurchase agreement	124,651	83,254
Government Securities	3,462,344	3,375,465
Total investments	\$6,089,428	\$5,733,552
Total deposits and investments	\$7,094,208	\$5,733,552

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Governmental-backed agency securities are held in book-entry form by the financial institution. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,303,533	\$1,456,859	(\$846,674)
Special Revenue	13,862,172	12,902,293	(959,879)
Debt Service	64,823	65,482	659
Total	\$16,230,528	\$14,424,634	(\$1,805,894)

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,431,930	\$1,441,585	\$2,990,345
Special Revenue	17,241,369	11,559,068	5,682,301
Debt Service	290,782	63,325	227,457
Total	<u>\$21,964,081</u>	<u>\$13,063,978</u>	<u>\$8,900,103</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,238,761	\$1,271,348	\$32,587
Special Revenue	11,270,566	11,404,959	134,393
Debt Service	75,711	76,132	421
Total	<u>\$12,585,038</u>	<u>\$12,752,439</u>	<u>\$167,401</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,910,681	\$972,536	\$1,938,145
Special Revenue	13,782,706	10,489,438	3,293,268
Debt Service	64,875	66,020	(1,145)
Total	<u>\$16,758,262</u>	<u>\$11,527,994</u>	<u>\$5,230,268</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 payment, 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
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Street Improvement Bonds 1990	\$405,000	7.50%
Fire Administration Building Notes 1997	675,000	6.80%
Station #95 and #97 Notes 1997	900,000	4.65%
Total	<u>\$1,980,000</u>	

The Street Improvement Bonds (1990) were issued to finance the construction of Warner Temple Road. The bonds are collateralized solely by the Township's taxing authority. The Fire Administration Building Notes were issued to finance the purchase of the Fire Administration Building. The Station #95 and #97 Notes were issued to finance the remodeling of Fire Station #95 and the construction of Fire Station #97.

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

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

	<u>Street Improvement Bonds</u>	<u>Fire Administration Notes</u>	<u>Station #95 and #97 Notes</u>
Year ending December 31:			
2002	65,375	210,900	266,850
2003	62,750	204,680	256,388
2004	65,125	193,120	245,925
2005	62,125	181,560	235,463
2006 – 2010	315,375		
Total	<u>\$570,750</u>	<u>\$790,260</u>	<u>\$1,004,625</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

WASHINGTON TOWNSHIP
DELAWARE, FRANKLIN, AND UNION COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

7. RISK POOL MEMBERSHIP (Continued)

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Washington Township
Delaware, Franklin, and Union Counties
5965 Wilcox Place, Suite B and C
Dublin, Ohio 43016

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Delaware, Franklin, and Union Counties, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 8, 2002. 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.

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 May 8, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 8, 2002.

Washington Township
Delaware, Franklin, and Union Counties
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, 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", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

May 8, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

FRANKLIN 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
JUNE 25, 2002**