



**Auditor of State  
Betty Montgomery**



WASHINGTON TOWNSHIP  
LOGAN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Washington Township  
Logan County  
5270 S.R. 235 North  
Lewistown, OH 43333

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As 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, 2002 and 2001, 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 11, 2003, 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.

Washington Township  
Logan County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 11, 2003

**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$39,422	\$201,514		\$240,936
Charges for Services		7,890		7,890
Intergovernmental	74,498	80,529	135,080	290,107
Licenses, Permits, and Fees	6,365	7,439		13,804
Special Assessments		16,611		16,611
Earnings on Investments	8,977	1,738		10,715
Miscellaneous Revenue	1,016	1,500		2,516
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	130,278	317,221	135,080	582,579
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	96,417	67		96,484
Public Safety		71,592		71,592
Public Works	137,790	90,843		228,633
Health	3,228			3,228
Conservation/Recreation	690			690
Capital Outlay		20,091	135,080	155,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	238,125	182,593	135,080	555,798
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(107,847)	134,628		26,781
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts:</b>				
Sale of Fixed Assets	4,200			4,200
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(103,647)	134,628		30,981
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	203,618	448,697	0	652,315
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$99,971</u>	<u>\$583,325</u>	<u>\$0</u>	<u>\$683,296</u>

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

WASHINGTON TOWNSHIP  
LOGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Operating Cash Receipts</b>	
Earnings on Investments	\$53
<b>Operating Cash Disbursements</b>	<u>0</u>
Receipts Over Disbursements	53
Fund Cash Balances, January 1	<u>3,012</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$3,065</u></u>

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



**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$35,989	\$193,117	\$229,106
Charges for Services		6,972	6,972
Intergovernmental	83,489	77,982	161,471
Licenses, Permits, and Fees	9,162	9,215	18,377
Special Assessments		16,005	16,005
Earnings on Investments	7,441	1,344	8,785
Miscellaneous Revenue	5,122	947	6,069
	<u>141,203</u>	<u>305,582</u>	<u>446,785</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	98,215	52	98,267
Public Safety		61,472	61,472
Public Works	9,226	81,969	91,195
Health	3,348		3,348
Capital Outlay		17,522	17,522
	<u>110,789</u>	<u>161,015</u>	<u>271,804</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over Disbursements</b>	30,414	144,567	174,981
<b>Other Financing (Disbursements):</b>			
Transfer-Out	(81)		(81)
	<u>30,333</u>	<u>144,567</u>	<u>174,900</u>
<b>Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements</b>			
Fund Cash Balances, January 1	173,285	304,130	477,415
	<u>173,285</u>	<u>304,130</u>	<u>477,415</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$203,618</u></u>	<u><u>\$448,697</u></u>	<u><u>\$652,315</u></u>

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

WASHINGTON TOWNSHIP  
LOGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

<b>Operating Cash Receipts</b>	
Earnings on Investments	\$15
<b>Operating Cash Disbursements</b>	<u>0</u>
Receipts Over Disbursements	15
<b>Other Financing Sources</b>	
Transfer-In	<u>81</u>
Receipts and Other Sources Over disbursements	96
Fund Cash Balances, January 1	<u>2,916</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$3,012</u></u>

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

**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Washington Township, Logan 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, including road and bridge maintenance, cemetery maintenance, and police services.

The Township contracts with Indian Lake Emergency Medical Services, Inc., to provide emergency medical services.

A member of the Township's Board of Trustees is appointed annually to the three-member Board of Indian Joint Fire District which is also governed by a representative from the Village of Russells Point and one at-large member appointed by the members from the Township and the Village of Russells Point.

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.

**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  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**Police District Fund** - This fund receives money from a special assessment to help pay for the cost of police protection.

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

**3. Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

**Public Works Projects Fund** – This fund is used to account for Issue II and Logan County Sales Tax money received and expended for constructing, maintaining and repairing Township roads. At December 31, 2002, Logan County had \$18,932 of sales tax money available for use by the Township.

**4. Fiduciary Fund (Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

**Non-Expendable Cemetery Bequest Funds (Mausoleum Bequest Fund and Brownlie Bequest Fund)** – Amounts donated are maintained in perpetuity. Investment earnings are used for maintaining Township cemeteries.

**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 cancelled and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

	2002	2001
Demand deposits	\$47,909	\$57,408
Overnight Deposit Sweep Account	636,452	595,919
Certificates of Deposit	2,000	2,000
Total Deposits	\$686,361	\$655,327

**Deposits:** Deposits are insured by (1) the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
General	\$144,767	\$134,478	(\$10,289)
Special Revenue	311,202	317,221	6,019
Capital Projects	135,080	135,080	0
NonExpendable Trust	80	53	(27)
Total	\$591,129	\$586,832	(\$4,297)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditure	Variance
General	\$348,385	\$238,125	\$110,260
Special Revenue	759,899	182,593	577,306
Capital Projects	135,080	135,080	0
NonExpendable Trust	1,092	0	1,092
Total	\$1,244,456	\$555,798	\$688,658

**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,790	\$141,203	\$28,413
Special Revenue	279,658	305,582	25,924
NonExpendable Trust	2,000	96	(1,904)
Total	<u>\$394,448</u>	<u>\$446,881</u>	<u>\$52,433</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$286,210	\$110,870	\$175,340
Special Revenue	583,787	161,015	422,772
NonExpendable Trust	730	0	730
Total	<u>\$870,727</u>	<u>\$271,885</u>	<u>\$598,842</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. DEBT**

The Township entered into a lease/purchase for a police cruiser during 2001. The lease payments are made annually. At the end of December 31, 2002, the Township owes one lease purchase payment of \$7,873 due May 2003. At that time the lease purchase obligation will be paid in full and the Township will take over ownership of the police cruiser.

**6. RETIREMENT SYSTEMS**

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.

**WASHINGTON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**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 claim, including loss adjustment expenses. 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, from the General Reinsurance Corporation.

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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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 reported the following assets, liabilities and retained earnings at December 31:

WASHINGTON TOWNSHIP  
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

7. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>9,197,512</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>





## **Auditor of State Betty Montgomery**

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

Washington Township  
Logan County  
5270 S.R. 235 North  
Lewistown, OH 43333

To the Board of Trustees:

We have audited the financial statements of Washington Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **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 11, 2003.

#### **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 June 11, 2003.

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This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 11, 2003



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**WASHINGTON TOWNSHIP**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 31, 2003**