

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Washington Township  
28585 Norris Road  
Tippecanoe, Ohio 44699

We have reviewed the *Independent Auditors' Report* of Washington Township, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. 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.

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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 28, 2023

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**WASHINGTON TOWNSHIP  
HARRISON COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Washington Township  
Harrison County  
28585 Norris Road  
Tippecanoe, Ohio 44699

To the Township Trustees:

**Report on the Audit of the Financial Statements**

**Adverse Opinions**

We have audited the financial statements of Washington Township, Harrison County, Ohio (the Township) which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

**Adverse Opinion on Regulatory Basis of Accounting**

In our opinion, because of the effects of the matter described in the *Basis for Adverse Opinion on Regulatory Basis of Accounting* section of our report, the accompanying financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Washington Township, Harrison County as of December 31, 2021, or changes in financial position thereof for the year then ended.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards general accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Washington Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 2 of the financial statements, the financial statements are prepared by Washington Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles general accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### **Basis for Adverse Opinion on Regulatory Basis of Accounting**

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion No. 2004-036 requires trustees to document the proportionate amount of salaries chargeable to other Township funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2009 and 2008, the Township charged Trustees' salaries as well as related taxes and fringe benefits to the Gasoline Tax and Motor Vehicle Licenses Tax Funds without the required supporting documentation. . In addition, during 2017 and 2016, payroll certifications for the Trustees indicated that 90% of the salaries were to be charged to the Road & Bridge Fund. The testing indicated that 90% of the salaries were improperly charged to the Gasoline Tax Fund. Findings for adjustment issued for noncompliance with these requirements have not been posted by the Township. Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the amount of \$70,294 at January 1, 2016, December 31, 2016 and December 31, 2017, a decrease in the fund balance and increase in expenditures of the Road & Bridge Fund in the amount of \$23,305 at December 31, 2016 and a decrease in fund balance in the amount of \$43,777 and an increase in the expenditures in the amount of \$20,472 at December 31, 2017, an increase in the fund balance of the Gasoline Tax Fund in the amount of \$63,282 at January 1, 2016, an increase in the fund balance in the amount of \$85,587 and decrease in the expenditures in the amount of \$23,305 in the Gasoline Tax Fund at December 31, 2016, and an increase in the fund balance in the amount of \$107,059 and decrease in the expenditures in the amount of \$20,472 of the Gasoline Tax Fund at December 31, 2017 and an increase in the fund balance of the Motor Vehicle License Tax Fund, in the amount of \$7,012 at January 1, 2016, December 31, 2016 and December 31, 2017.

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the Basis for Adverse Opinion on Regulatory Basis of Accounting paragraph were made, the General Fund would have a negative fund balance of \$34,469 and the Gasoline Tax Fund would have a fund balance of \$32,951 at December 31, 2021, respectively. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

As described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our Opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of Washington 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. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 24, 2022

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 25,331	\$ 32,147	\$ 57,478
Intergovernmental	9,467	154,168	163,635
<b>Total Cash Receipts</b>	<u>34,798</u>	<u>186,315</u>	<u>221,113</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	21,760	-	21,760
Public Safety	120	14,455	14,575
Public Works	-	109,032	109,032
Health	2,789	-	2,789
Capital Outlay	-	80,551	80,551
<b>Total Cash Disbursements</b>	<u>24,669</u>	<u>204,038</u>	<u>228,707</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	10,129	(17,723)	(7,594)
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	73,309	73,309
Other Financing Sources	4,238	6,932	11,170
<b>Total Other Financing Receipts (Disbursements)</b>	<u>4,238</u>	<u>80,241</u>	<u>84,479</u>
<b>Net Change in Fund Cash Balance</b>	14,367	62,518	76,885
<b>Fund Cash Balances, January 1</b>	<u>21,458</u>	<u>33,406</u>	<u>54,864</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 35,825</u></u>	<u><u>\$ 95,924</u></u>	<u><u>\$ 131,749</u></u>

See notes to financial statements.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Harrison County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and fire protection. The Township contracts with the Washington Township Volunteer Fire Department to provide fire and ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

**B. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

**General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

**D. 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 level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**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.

A summary of 2021 appear in Note 4.

**E. Deposits and Investments**

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**F. Capital Assets**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. 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. The financial statements do not include a liability for unpaid leave.

**H. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**3. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.39, the Gasoline Tax Fund had appropriations exceed estimated resources by \$63,477.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,800	\$ 39,036	\$ 11,236
Special Revenue	139,650	266,556	126,906
Total	\$ 167,450	\$ 305,592	\$ 138,142

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,502	\$ 25,102	\$ 23,400
Special Revenue	236,208	212,601	23,607
Total	\$ 284,710	\$ 237,703	\$ 47,007

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

**5. DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2021
<b><i>Cash Management Pool</i></b>	
Demand deposits	\$ 131,749
Total Carrying Amount of Deposits and Investments held in Pool	\$ 131,749

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	10,894,146

**8. DEFINED BENEFIT PENSION PLANS**

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2021.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**9. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**10 DEBT**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest rate
Promissory Note- Truck	\$ 73,309	3.95%
Total	\$ 73,309	

On March 5, 2021, the Township issued a promissory note to finance the purchase of a new truck for Township road maintenance. The truck collateralized the note.

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

Year Ended December 31	Promissory Note- Truck
2022	\$ 19,647
2023	19,647
2024	19,647
2025	19,539
Total	\$ 78,480

**10. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**11. FINANCIAL DIFFICULTIES**

At December 31, 2021, the Township’s General Fund had a fund cash balance of \$35,825. However, the Township has unposted findings for adjustment from prior audits totaling \$70,294 against the General Fund and in favor of restricted funds. Additionally, the Township’s Gasoline Tax Fund had a fund cash balance of \$77,120 at December 31, 2021. The Township has unposted findings for adjustment from the prior audit of \$44,169 against the Gasoline Tax Fund and in favor of the Road and Bridge Fund. If the Township posted the findings for adjustment, the General would have a deficit fund cash balance of \$34,469 and the Gasoline Tax Fund would have a fund cash balances of \$32,951. Township management currently does not have a plan in place to address this matter.



**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**10. FUND BALANCES**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Corpus	\$ -	\$ -	\$ -
Outstanding Encumbrances	433	8,563	8,996
Total	<u>\$ 433</u>	<u>\$ 8,563</u>	<u>\$ 8,996</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**13. SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Washington Township  
Harrison County  
28585 Norris Road  
Tippecanoe, Ohio 44699

To the Township Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and the related notes of Washington Township, Harrison County, Ohio.

**Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Washington Township, Harrison County as of December 31, 2020 or changes in financial position thereof for the year then ended.

### **Basis for Adverse Opinion on Regulatory Basis of Accounting**

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion No. 2004-036 requires trustees to document the proportionate amount of salaries chargeable to other Township funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2009 and 2008, the Township charged Trustees' salaries as well as related taxes and fringe benefits to the Gasoline Tax and Motor Vehicle Licenses Tax Funds without the required supporting documentation. . In addition, during 2017 and 2016, payroll certifications for the Trustees indicated that 90% of the salaries were to be charged to the Road & Bridge Fund. The testing indicated that 90% of the salaries were improperly charged to the Gasoline Tax Fund. Findings for adjustment issued for noncompliance with these requirements have not been posted by the Township. Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the amount of \$70,294 at January 1, 2016, December 31, 2016 and December 31, 2017, a decrease in the fund balance and increase in expenditures of the Road & Bridge Fund in the amount of \$23,305 at December 31, 2016 and a decrease in fund balance in the amount of \$43,777 and an increase in the expenditures in the amount of \$20,472 at December 31, 2017, an increase in the fund balance of the Gasoline Tax Fund in the amount of \$63,282 at January 1, 2016, an increase in the fund balance in the amount of \$85,587 and decrease in the expenditures in the amount of \$23,305 in the Gasoline Tax Fund at December 31, 2016, and an increase in the fund balance in the amount of \$107,059 and decrease in the expenditures in the amount of \$20,472 of the Gasoline Tax Fund at December 31, 2017 and an increase in the fund balance of the Motor Vehicle License Tax Fund, in the amount of \$7,012 at January 1, 2016, December 31, 2016 and December 31, 2017.

### **Adverse Opinion on Regulatory Basis of Accounting**

In our opinion, because of the effects of the matter discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting*, the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and related notes of Washington Township, Harrison County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

### **Emphasis of Matter**

As discussed in Note 13 to the 2020 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

As discussed in Note 11 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the Basis for Adverse Opinion on Regulatory Basis of Accounting paragraph were made, the General Fund and Gasoline Tax Fund would have a negative fund balance of \$48,836 and \$25,350 at December 31, 2020, respectively. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2022, on our consideration of Washington 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 internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 24, 2022

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 25,063	\$ 30,747	\$ 55,810
Intergovernmental	10,434	229,859	240,293
Earnings on Investments	37	9	46
Miscellaneous	-	12	12
<b>Total Cash Receipts</b>	<u>35,534</u>	<u>260,627</u>	<u>296,161</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	26,617	-	26,617
Public Safety	120	33,761	33,881
Public Works	1,377	127,455	128,832
Health	3,246	-	3,246
Capital Outlay	750	81,598	82,348
Debt Service:			
Principal Retirement	-	26,758	26,758
Interest and Fiscal Charges	-	1,405	1,405
<b>Total Cash Disbursements</b>	<u>32,110</u>	<u>270,977</u>	<u>303,087</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	3,424	(10,350)	(6,926)
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	3,126	3,280	6,406
<b>Total Other Financing Receipts (Disbursements)</b>	<u>3,126</u>	<u>3,280</u>	<u>6,406</u>
<b>Net Change in Fund Cash Balance</b>	6,550	(7,070)	(520)
<b>Fund Cash Balances, January 1</b>	<u>14,908</u>	<u>40,476</u>	<u>55,384</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 21,458</u></u>	<u><u>\$ 33,406</u></u>	<u><u>\$ 54,864</u></u>

See notes to financial statements.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Harrison County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and fire protection. The Township contracts with the Washington Township Volunteer Fire Department to provide fire and ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

**B. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

**General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

**D. 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 level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**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.

A summary of 2020 appear in Note 4.

**E. Deposits and Investments**

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**F. Capital Assets**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**2. 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. The financial statements do not include a liability for unpaid leave.

**H. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**3. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.39, the General Fund, Gasoline Tax Fund and Coronavirus Relief Fund had appropriations exceed estimated resources by \$78,469, \$47,928 and \$79,092, respectively.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,500	\$ 38,660	\$ 11,160
Special Revenue	139,950	263,907	123,957
Total	\$ 167,450	\$ 302,567	\$ 135,117

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,876	\$ 32,653	\$ 88,223
Special Revenue	305,766	271,665	34,101
Total	\$ 426,642	\$ 304,318	\$ 122,324

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

**5. DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<b><i>Cash Management Pool</i></b>	
Demand deposits	\$ 54,864
Total Carrying Amount of Deposits and Investments held in Pool	\$ 54,864

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	10,894,146

**8. DEFINED BENEFIT PENSION PLANS**

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2020.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**9. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**10. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**11. FINANCIAL DIFFICULTIES**

At December 31, 2020, the Township's General Fund had a fund cash balance of \$21,458. However, the Township has unposted findings for adjustment from prior audits totaling \$70,294 against the General Fund and in favor of restricted funds. Additionally, the Township's Gasoline Tax Fund had a fund cash balance of \$18,809 at December 31, 2020. The Township has unposted findings for adjustment from the prior audit of \$44,169 against the Gasoline Tax Fund and in favor of the Road and Bridge Fund. If the Township posted the findings for adjustment, the General and Gasoline Tax Funds would have deficit fund cash balances of \$48,836 and \$25,360, respectively. Township management currently does not have a plan in place to address this matter.

**12. FUND BALANCES**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Corpus	\$ -	\$ -	\$ -
Outstanding Encumbrances	543	688	1,231
<b>Total</b>	<b>\$ 543</b>	<b>\$ 688</b>	<b>\$ 1,231</b>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**13. SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received \$79,092 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Washington Township  
Harrison County  
28585 Norris Road  
Tippecanoe, Ohio 44699

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Washington Township, Harrison County (the Township) and have issued our report thereon dated June 24, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Washington Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001, 2021-002, 2021-004 and 2021-005 that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Washington 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 the financial statements. 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 five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-001, 2021-002, 2021-003, 2021-006 and 2021-007.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 24, 2022

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-001**

**Material Weakness and Noncompliance**

Ohio Revised Code Section 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Further, Ohio Revised Code Section 5705.10(D) states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following adjustment has not been made by management and is not reflected in the financial statements.

- The 2021 real estate homestead and rollback, in the amounts of \$2,425, \$1,971 and \$2,088 for the General Fund, Road & Bridge Fund and Fire District Fund, respectively, were deposited with the Township's financial institution, however were not posted to the Township's ledgers.

The Township did not have control procedures in place to ensure that receipts are posted to the correct funds. Not having procedures in place to ensure proper posting of receipts could result in material errors to the financial statements, which may go undetected.

The Township should have procedures in place so that all monies deposited to the financial institutions are recorded in the accounting records.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2021-002**

**Material Weakness and Noncompliance**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-002 (Continued)**

As a result of audit procedures, errors were noted that required reclassification to the financial statements as follows which have been made to the financial statements and accounting records:

The following relates to 2021:

- A reclassification was made in the amount of \$1,151, \$959 and \$1,106 from Property and Other Local Taxes to Intergovernmental Revenue in the General Fund, Road & Bridge Fund and Fire Fund for Rollback monies.
- A reclassification was made in the amount of \$73,309 from Other Financing Sources to Other Debt Proceeds in the Gasoline Tax Fund for a loan.
- A reclassification was made in the amount of \$2,434 and \$7,032 from Public Works to Capital Outlay in the Gasoline Tax Fund and Road & Bridge Fund, respectively for equipment purchased.

The following relates to 2020:

- A reclassification was made in the amount of \$1,171, \$954 and \$1,007 from Property and Other Local Taxes to Intergovernmental Revenue in the General Fund, Road & Bridge Fund and Fire Fund for Rollback monies.
- A reclassification was made in the amount of \$26,758 and \$1,405 from Capital Outlay to Principal Retirement and Interest and Fiscal Charges, respectively in the Gasoline Tax Fund for debt payments.
- The transfers-in and transfers-out were reversed back to zero and the \$79,092 expenditure that was recorded in the General Fund was adjusted back to the Coronavirus Relief Fund Capital Outlay for fire equipment. This did not change cash fund balances at December 31, 2020.

Ohio Revised Code Section 117.38 requires Townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. The Township's complete statements were filed on September 15, 2023, which is past the allotted time frame and the notes required multiple corrections.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit. The financial statements and accounting records were adjusted accordingly.

**Client Response:** We have not yet received a response from the client.



**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-003**

**Noncompliance**

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources.

Fund	Year	Estimated Resources	Appropriations	Variance
Gasoline Tax	2021	\$ 108,809	\$ 172,286	\$ (63,477)
General	2020	42,408	120,877	(78,469)
Gasoline Tax	2020	106,386	154,314	(47,928)
Coronavirus	2020	-	79,092	(79,092)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative fund balances.

The Township should regularly monitor appropriations and estimated resources to ensure that appropriations do not exceed the total estimated resources available for expenditure in each fund. This will help to reduce the risk of overspending within the Township and will add a measure of control over the Township’s budgetary process.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2021-004**

**Material Weakness**

Sound accounting practice require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Township receipts should be posted and deposited timely to ensure the accuracy of the Township’s accounting records and prevent the loss of Township revenue. Our testing disclosed that some deposits were not made in a timely manner. We also noted that monthly reconciliations reflected “Other Adjusting Factors”, due in part, to deposits not being made timely. Therefore true and accurate monthly financial position cannot be accurately reflected. We recommend that all deposits be made on a timely basis.

**Client Response:** We have not yet received a response from the client.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-005**

**Material Weakness**

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board of Trustees to make informed decisions regarding budgetary matters.

The original certificate and amendments established the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2021, estimated receipts in the Township’s ledgers did not agree to the amounts approved by the Budget Commission for the following funds:

	Estimated Receipts	Estimated Receipts	
	Approved by the	Per Township’s	
Fund	Budget Commission	Accounting System	Variance
Gasoline Tax	\$ 90,000	\$ 161,085	\$ (71,085)

At December 31, 2020, estimated receipts in the Township’s ledgers did not agree to the amounts approved by the Budget Commission for the following funds:

	Estimated Receipts	Estimated Receipts	
	Approved by the	Per Township’s	
Fund	Budget Commission	Accounting System	Variance
General	\$ 27,500	\$ 106,592	\$ (79,092)
Gasoline Tax	90,000	140,000	(50,000)
Coronavirus Relief	-	79,092	(79,4092)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. Additionally, the approved Certificate of Estimated Resources and amendments thereof was not accurately posted to the accounting system.

Failure to accurately post the estimated receipts to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers, on a timely basis, estimated receipts as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

**Client Response:** We have not yet received a response from the client.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-006**

**Noncompliance**

Ohio Rev. Code § 5705.41 (D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the “then and now” certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
3. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
4. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the availability of funds prior to purchase commitments for 50% of the expenditures tested in 2021 and 2020, and there was no evidence the Township followed the aforementioned exceptions.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-006 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Fiscal Officer certify purchases to which § 5705.41 (D) applies. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41 (D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2021-007**

**Noncompliance**

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt, § 133.22 allows a subdivision to issue anticipatory securities; § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; § 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and § 133.18 allows the taxing authority of subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2021, the Township signed one promissory note in the amount of \$73,309 with the First National Bank of Dennison to finance the purchase of a truck to be used for road maintenance. This type of debt did not meet the requirements set forth in Ohio Rev. Code Chapter 133.

The Ohio Rev. Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods debt for Townships. We recommend the Township consult with legal counsel when Trustees anticipate incurring future debt to help ensure it is an allowable type of debt.

**Client Response:** We have not yet received a response from the client.

**WASHINGTON TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2019-001	Material Weakness Noncompliance ORC ORC 5705.10 ( C ) and ( D ) Posting of Revenue	No	Not Corrected - Refer to Findng 2021-001
2019-002	Material Weakness Financial Reporting	No	Not Corrected - Refer to Findng 2021-002
2019-003	ORC 5705.39 appropriations exceeding estimated re	No	Not Corrected - Refer to Findng 2021-003
2019-004	Material Weakness Timely deposits and postings	No	Not Corrected - Refer to Findng 2021-004
2019-005	Material Weakness Budgetary amounts don't agree with certified amounts	No	Not Corrected - Refer to Findng 2021-005
2019-006	ORC 5705.41 (D) Expenditures made prior to certification	No	Not Corrected - Refer to Findng 2021-006

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# OHIO AUDITOR OF STATE KEITH FABER



**WASHINGTON TOWNSHIP**

**HARRISON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/10/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)