



OHIO AUDITOR OF STATE
KEITH FABER



**WASHINGTON TOWNSHIP
MONROE COUNTY
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Washington Township, Monroe County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 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 the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally 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's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally 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.

Emphasis of Matter

As discussed in Notes 11 and 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 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 the 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 Responsibilities 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. Accordingly, no such opinion is expressed.

- 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 9, 2023, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2023

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Washington Township

Monroe County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$43,272	\$162,033	\$0	\$205,305
Intergovernmental	17,808	157,180	17,500	192,488
Earnings on Investments	231	161	0	392
Miscellaneous	720	731	0	1,451
<i>Total Cash Receipts</i>	<u>62,031</u>	<u>320,105</u>	<u>17,500</u>	<u>399,636</u>
Cash Disbursements				
Current:				
General Government	39,412	23,175	0	62,587
Public Safety	0	5,230	0	5,230
Public Works	0	114,984	0	114,984
Debt Service:				
Principal Retirement	0	0	10,500	10,500
Interest and Fiscal Charges	0	0	3,028	3,028
<i>Total Cash Disbursements</i>	<u>39,412</u>	<u>143,389</u>	<u>13,528</u>	<u>196,329</u>
<i>Net Change in Fund Cash Balances</i>	22,619	176,716	3,972	203,307
<i>Fund Cash Balances, January 1</i>	<u>29,385</u>	<u>224,279</u>	<u>10,051</u>	<u>263,715</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$52,004</u></u>	<u><u>\$400,995</u></u>	<u><u>\$14,023</u></u>	<u><u>\$467,022</u></u>

See accompanying notes to the basic financial statements

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Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Washington Township, Monroe County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with Graysville VFD to provide fire services and the Bethel-Graysville EMS to provide ambulance services. The Township appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a 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.

Note 2 – Summary of Significant Accounting Policies

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, which are organized on a fund type basis.

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 Fund:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Bond Retirement Tractor Fund The bond retirement tractor fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a tractor and mower.

Bond Retirement Truck Fund The bond retirement truck fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a truck.

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits

The Township pools all available funds of the Township in an interest-bearing checking account.

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.

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:

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriations authority in the Bond Retirement Tractor Fund by \$2,533 for the year ended December 31, 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,782	\$62,031	\$15,249
Special Revenue	275,247	320,105	44,858
Debt Service	10,500	17,500	7,000
Total	\$332,529	\$399,636	\$67,107

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,253	\$39,412	\$36,841
Special Revenue	498,261	143,389	354,872
Debt Service	21,730	13,528	8,202
Total	\$596,244	\$196,329	\$399,915

Note 5 – Deposits

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. A summary of the Township’s deposit accounts are as follows:

<i>Cash Management Pool:</i>	2021
Demand deposits	\$467,022

The Township does not use a separate payroll clearing checking 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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2021, \$217,022 of deposits were not insured or collateralized, contrary to Ohio law.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 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:

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

- 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:

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 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.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
USDA Equipment Bonds - Tractor	\$69,500	3.00%
USDA Equipment Bonds - Truck	19,100	3.25%
Total	\$88,600	

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Township issued general obligation bonds in the amount of \$30,000 in 2017 to finance the purchase of a truck for Township road maintenance. The Township’s taxing authority collateralized the bonds.

The Township issued general obligation bonds in the amount of \$84,500 in 2019 to finance the purchase of a tractor and mower for Township road maintenance. The Township’s taxing authority collateralized the bonds.

Amortization

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

Year Ending	USDA Equipment	USDA Equipment
December 31:	Bonds Tractor	Bonds Truck
2022	9,885	3,521
2023	9,851	3,527
2024	9,911	3,629
2025	9,962	3,525
2026	9,904	3,621
2027-2029	29,698	3,511
Total	<u>\$79,211</u>	<u>\$21,334</u>

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spend for five years and the unexpendable 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 facilitate effective cash planning and control. At year end the Township had no unclaimed monies, no permanent funds or encumbrances outstanding.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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 received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Washington Township*Monroe County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$20,976	\$69,935	\$0	\$90,911
Intergovernmental	17,751	153,051	21,527	192,329
Earnings on Investments	194	65	0	259
Miscellaneous	1,274	24,099	0	25,373
<i>Total Cash Receipts</i>	<u>40,195</u>	<u>247,150</u>	<u>21,527</u>	<u>308,872</u>
Cash Disbursements				
Current:				
General Government	38,031	13,336	0	51,367
Public Safety	0	26,804	0	26,804
Public Works	0	141,316	0	141,316
Capital Outlay	0	1,318	0	1,318
Debt Service:				
Principal Retirement	0	0	10,126	10,126
Interest and Fiscal Charges	0	0	3,310	3,310
<i>Total Cash Disbursements</i>	<u>38,031</u>	<u>182,774</u>	<u>13,436</u>	<u>234,241</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,164</u>	<u>64,376</u>	<u>8,091</u>	<u>74,631</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	9,991	0	9,991
Transfers Out	0	(9,991)	0	(9,991)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	2,164	64,376	8,091	74,631
<i>Fund Cash Balances, January 1</i>	<u>27,221</u>	<u>159,903</u>	<u>1,960</u>	<u>189,084</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$29,385</u></u>	<u><u>\$224,279</u></u>	<u><u>\$10,051</u></u>	<u><u>\$263,715</u></u>

See accompanying notes to the basic financial statements

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Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Washington Township, Monroe County (the Township), as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with Graysville VFD to provide fire services and the Bethel-Graysville EMS to provide ambulance services. The Township appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a 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.

Note 2 – Summary of Significant Accounting Policies

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, which are organized on a fund type basis.

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:

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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 Fund:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Bond Retirement Tractor Fund The bond retirement tractor fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a tractor and mower.

Bond Retirement Truck Fund The bond retirement truck fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a truck.

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits

The Township pools all available funds of the Township in an interest-bearing checking account.

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.

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:

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,926	\$40,195	\$6,269
Special Revenue	205,565	257,141	51,576
Debt Service	13,500	21,527	8,027
Total	\$252,991	\$318,863	\$65,872

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,316	\$38,031	\$21,285
Special Revenue	364,613	192,765	171,848
Debt Service	17,872	13,436	4,436
Total	\$441,801	\$244,232	\$197,569

Note 4 – Deposits

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. A summary of the Township’s deposit accounts are as follows:

<i>Cash Management Pool:</i>	2020
Demand deposits	\$263,715

The Township does not use a separate payroll clearing checking 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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2020, \$13,715 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – 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:

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- 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:

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – 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.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
USDA Equipment Bonds - Tractor	\$77,100	3.00%
USDA Equipment Bonds - Truck	22,000	3.25%
Total	\$99,100	

Washington Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Township issued general obligation bonds in the amount of \$30,000 in 2017 to finance the purchase of a truck for Township road maintenance. The Township’s taxing authority collateralized the bonds.

The Township issued general obligation bonds in the amount of \$84,500 in 2019 to finance the purchase of a tractor and mower for Township road maintenance. The Township’s taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	USDA Equipment Bonds Tractor	USDA Equipment Bonds Truck
2021	9,913	3,615
2022	9,885	3,521
2023	9,851	3,527
2024	9,911	3,629
2025	9,962	3,525
2026-2029	39,602	7,132
Total	<u>\$89,124</u>	<u>\$24,949</u>

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spend for five years and the unexpendable 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 facilitate effective cash planning and control. At year end the Township had no unclaimed monies, no permanent funds or encumbrances outstanding.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

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



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

To the Board of Trustees:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Washington Township, Monroe County, Ohio (the Township), and have issued our report thereon dated June 9, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001, 2021-002 and 2021-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-003 and 2021-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 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 through 2021-005.

Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2023

**WASHINGTON TOWNSHIP
MONROE COUNTY**

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

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

FINDING NUMBER 2021-001

Noncompliance and Material Weakness

Ohio Rev. Code § 135.18(A) states that each institution designated as a public depository and awarded public deposits under sections 135.01 to 135.21 of the Revised Code, except as provided in § 135.44 or 135.145 of the Revised Code, shall provide security for the repayment of all public deposits by selecting one of the following methods:

1. Securing all uninsured public deposits of each public depositor separately as set forth in divisions (B) to (J) of this section;
2. Securing all uninsured public deposits of every public depositor pursuant to § 135.181 or 135.182 of the Revised Code, as applicable, by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

The Township had a depository agreement with Citizens National Bank during 2021 and 2020. Citizens National Bank is not a member of the Ohio Pooled Collateral System (OPCS) provided by the Treasurer of State, nor did the bank provide specific pledged collateral for the Township. This caused the Township to be under collateralized for all months or 100% during 2021 and for ten out of twelve months or 83% during 2020. Without proper collateral, the Township is at risk of losing funds.

The Township should ensure proper and adequate collateral is obtained to cover account balances in excess of the FDIC insured amount of \$250,000.

Officials' Response: I just wanted to note that we signed a memorandum or agreement for deposit of public funds as of April of 2022 and it is good through April 2027.

FINDING NUMBER 2021-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(l) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

A tractor blade purchased for \$1,318 was posted to the Bond Retirement Tractor Fund principal payments; instead of, the Gasoline Tax Fund capital outlay in 2020. The Fiscal Officer adjusted the Township's records and the adjustment is reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to expenditure account classifications based on the nature of the expenditure.

Officials' Response: The reason it was posted there is because we had extra funds from the grant.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-003

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.10(D) provides in part that 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.

We noted the following:

- State Forest Payment in Lieu of Taxes in the amount of \$658 that was posted to the General Fund; instead of, the Road and Bridge Fund, the Road Improvement Fund and the Knowlton Park Fund in the amounts of \$181, \$395 and \$82, respectively, in 2021; and
- State FEMA receipts totaling \$2,498 were posted to the Bond Retirement Tractor Fund; instead of, the FEMA Fund in 2020.
- State and federal FEMA receipts totaling \$9,991 posted to the FEMA Fund (after adjustment of \$2,498 from above) in 2020 should have been transferred to the Gasoline Tax Fund as the receipts were reimbursements for project expenses paid from the Gasoline Tax Fund.

The Fiscal Officer adjusted the Township's records and these adjustments are reflected in the accompanying financial statements.

The Township should implement controls to help ensure these transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: We did not receive a response from Officials for this finding.

FINDING NUMBER 2021-004

Noncompliance

Ohio Rev. Code § 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. Further, Ohio Rev. Code § 5705.14 indicates "except in the case of transfer pursuant to division (E) of this section, transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members." According to 1989 Op. Att'y. Gen. No. 89-075, a resolution passed by a simple majority of the legislative authority is required to transfer moneys from the general fund to any other fund of the subdivision. When moneys are transferred from a fund other than the general fund in accordance with ORC 5705.14, a resolution passed by a two-thirds majority is required.

In addition to the transfers which Ohio Rev. Code § 5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the Tax Commissioner may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of:

- loans,
- bond issues,
- special levies for the payment of loans or bond issues,
- the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and
- the proceeds or balances of any license fees imposed by law for a specified purpose.

WASHINGTON TOWNSHIP
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-004 (Continued)

Noncompliance (Continued)

The Fiscal Officer made an unallowable transfer of \$5,274 from the General (Bond) (Note) Retirement Backhoe Fund to the Gasoline Tax Fund in 2021. The adjustment noted above, with which management agrees, is reflected in the accompanying financial statements.

The Fiscal Officer should seek approval from the Court of Common Pleas in cases where the transfer of funds is outside the requirements of Ohio Rev. Code § 5705.14.

Officials' Response: This was a timing issue. I normally post funds from the gasoline checks to cover the amounts of the payments. I just hadn't done it yet that year.

FINDING NUMBER 2021-005

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's Bond Retirement Tractor Fund had expenditures in excess of appropriations of \$2,533 and \$458, as of December 31, 2021 and 2020, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: We did not receive a response from Officials for this finding.

FINDING NUMBER 2021-006

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-006 (Continued)

Material Weakness (Continued)

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records 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.

The Township did not always record receipts and disbursements into accurate classifications based upon the source of the receipt or the nature of the disbursement.

We noted the following in 2021 and 2020:

- Gasoline Tax receipts totaling \$17,500 (\$15,000 in the Bond Retirement Tractor Fund and \$2,500 in the Bond Retirement Truck Fund) were posted to Miscellaneous Revenue; instead of, Intergovernmental in 2021;
- Gasoline Tax receipts totaling \$16,527 (\$11,027 in the Bond Retirement Tractor Fund and \$5,500 in the Bond Retirement Truck Fund) were posted to Miscellaneous Revenue; instead of, Intergovernmental in 2020; and
- Dust control expenditures totaling \$35,823 in the Road Improvement Fund were posted to Public Safety; instead of, Public Works in 2021.

The reclasses noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following in 2021:

- Homestead and rollback receipts totaling \$1,966 (\$17 in the Road and Bridge Fund, \$1,167 in the Road Improvement Fund, and \$782 in the Knowlton Park Fund) were posted to Taxes; instead of, Intergovernmental;
- State Fire Marshall grant in the amount of \$720 in the General Fund was posted to Miscellaneous Revenue; instead of, Intergovernmental;

We also noted the following in 2020:

- Homestead and rollback receipts totaling \$2,005 (\$16 in the General Fund, \$17 in the Road and Bridge Fund, \$1,181 in the Road Improvement Fund, and \$790 in the Knowlton Park Fund) were posted to Taxes; instead of, Intergovernmental;
- State Fire Marshall grant in the amount of \$720 in the General Fund was posted to Miscellaneous Revenue; instead of, Intergovernmental;
- National Forest PILT receipt in the amount of \$646 (\$167 in the General Fund, \$182 in the Road and Bridge Fund, \$214 in the Road Improvement Fund, and \$83 in the Knowlton Park Fund) was posted to Taxes; instead of, Intergovernmental;
- Repairs and maintenance in the amount of \$1,575 in the Road and Bridge Fund were posted to General Government; instead of, Public Works.

As these errors are not significant to the opinion units affected in 2021 or 2020, the reclassifications noted above were agreed to by management but will not be posted to the financial statements.

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-006 (Continued)

Material Weakness (Continued)

The Township did not have a control process in place to help ensure receipts, expenditures and fund balances are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure.

Officials' Response: We did not receive a response from Officials for this finding.

FINDING NUMBER 2021-007

Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations 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 Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board of Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish 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.

The Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system throughout the year.

The following tables detail these variances for 2021:

Fund	Amount per Amended Certificate	Amount Posted to the Accounting System	Variance
Coronavirus Relief	\$0	\$21,160	(\$21,160)
Knowlton Park	21,644	22,644	(1,000)
Bond Retirement Truck	5,000	8,000	(3,000)

**WASHINGTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-007 (Continued)

Material Weakness (Continued)

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
Knowlton Park	\$23,109	\$24,109	(\$1,000)
Bond Retirement Truck	7,380	10,380	(3,000)

The following tables detail these variances for 2020:

Fund	Amount per Amended Certificate	Amount Posted to the Accounting System	Variance
Coronavirus Relief	\$87,025	\$85,845	\$1,180
Bond Retirement Truck	8,000	11,869	(3,869)

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
Bond Retirement Truck	\$10,793	\$11,976	(\$1,183)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Board of Trustees were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. Adjustments were made to the budgetary activity reported in the notes to the financial statements in order to accurately present estimated receipts and appropriations as approved by the Board of Trustees.

Officials' Response: We did not receive a response from Officials for this finding.

FINDING NUMBER 2021-008

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties as the Fiscal Officer performed all accounting functions. Therefore, it is important that the Board of Trustees functions as a finance committee to monitor financial activity closely. There was no documentation in the minutes of the Trustees' consistent approval of checks written, monthly activity of revenues and expenditures by fund, or budget versus actual reports received in Township meetings.

WASHINGTON TOWNSHIP
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-008 (Continued)

Significant Deficiency (Continued)

No management oversight could result in the accounting system of the Township not being posted up-to-date and errors and omissions occurring in the Township's accounting system and going unnoticed by management.

Financial information should be presented to the Trustees on a regular basis. This information should include a listing of checks written, monthly revenue and expenditure activity by fund, and budget versus actual reports. The presentation and approval of these reports should be documented in the board minutes of the Township meetings.

Officials' Response: We did not receive a response from Officials for this finding.

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Washington Township

Monroe County
39111 Church Road
Graysville, Ohio 45734

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10 (C) – Township did not post property taxes and deductions in accordance to millage levied for each fund. Also, Ohio Rev. Code §5705.10 (D) - USDA bonds and grant, State Forest Payment in Lieu of Taxes and Homestead and rollback receipts were not posted to the correct funds.	Partially Corrected	Ohio Rev. Code § 5705.10 (D) repeated as Finding Number 2021-003.
2019-002	Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10 (I) – Real estate tax receipt and manufactured homes was posted to General Fund instead of Knowlton Park Fund; purchase of a tractor and mower was posted to the Bond Retirement Tractor Fund instead of the Gasoline Tax Fund.	Not Corrected	Repeated as Finding Number 2021-002.
2019-003	Noncompliance – Ohio Rev. Code § 5705.39 – Appropriations exceeded estimated resources in several funds in 2019.	Corrected	N/A
2019-004	Noncompliance – Ohio Rev. Code § 5705.41 (B) – Expenditures exceeded appropriations in two funds in 2019 and in one fund in 2018.	Not Corrected	Repeated as Finding Number 2021-005.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019 and 2018
(Continued)

Finding Number	Finding Summary	Status	Additional Information
2019-005	Material Weakness – Township did not post receipts and disbursements correctly for several funds in 2019 and 2018.	Not Corrected	Repeated as Finding Number 2021-006.
2019-006	Material Weakness – Township did not properly post budgeted receipts or appropriations and any amendments made to them to the accounting system for several funds in 2019 and 2018.	Not Corrected	Repeated as Finding Number 2021-007
2019-007	Significant Deficiency – There was not an adequate segregation of duties for the Township.	Not Corrected	Repeated as Finding Number 2021-008.

OHIO AUDITOR OF STATE KEITH FABER



WASHINGTON TOWNSHIP

MONROE 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 6/22/2023

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