



**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
VAN WERT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Van Wert County
23612 Lincoln Highway
Delphos, OH 45833

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Van Wert County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 11, 2001

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**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,954	\$78,597	\$89,551
Intergovernmental	28,933	80,427	109,360
Licenses, Permits, and Fees	2,100	925	3,025
Earnings on Investments	8,315	1,143	9,458
Other Revenue	457		457
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	50,759	161,092	211,851
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	43,389		43,389
Public Safety	546	24,526	25,072
Public Works		107,586	107,586
Health	13,531	3,187	16,718
Capital Outlay		51,407	51,407
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	57,466	186,706	244,172
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(6,707)	(25,614)	(32,321)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Other Sources		300	300
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(6,707)	(25,314)	(32,021)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	150,328	194,712	345,040
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$143,621</u>	<u>\$169,398</u>	<u>\$313,019</u>

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

**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,976	\$72,876	\$82,852
Intergovernmental	85,966	84,340	170,306
Licenses, Permits, and Fees	1,460	2,950	4,410
Earnings on Investments	5,286	919	6,205
Other Revenue	245	10	255
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,933	161,095	264,028
Cash Disbursements:			
Current:			
General Government	37,953		37,953
Public Safety	546	28,276	28,822
Public Works		82,766	82,766
Health	13,585	3,279	16,864
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,084	114,321	166,405
Total Receipts Over/(Under) Disbursements	50,849	46,774	97,623
Other Financing Receipts:			
Other Sources		3,300	3,300
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	50,849	50,074	100,923
Fund Cash Balances, January 1	99,479	144,638	244,117
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$150,328</u>	<u>\$194,712</u>	<u>\$345,040</u>

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

**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Van Wert County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Middle Point and the City of Delphos to provide fire services and the City of Delphos to provide ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township does not hold any interest in investments.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$313,019</u>	<u>345,040</u>
Total deposits and investments	<u><u>\$313,019</u></u>	<u><u>\$345,040</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,827	\$50,759	(\$5,068)
Special Revenue	166,925	161,392	(5,533)
Total	<u>\$222,752</u>	<u>\$212,151</u>	<u>(\$10,601)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,155	\$57,466	\$148,689
Special Revenue	361,639	186,706	174,933
Total	<u>\$567,794</u>	<u>\$244,172</u>	<u>\$323,622</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,857	\$102,933	\$34,076
Special Revenue	157,229	164,395	7,166
Total	<u>\$226,086</u>	<u>\$267,328</u>	<u>\$41,242</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,747	\$52,084	\$115,663
Special Revenue	301,869	114,321	187,548
Total	<u>\$469,616</u>	<u>\$166,405</u>	<u>\$303,211</u>

**WASHINGTON TOWNSHIP
VAN WERT COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The District has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township also provides health insurance and disability coverage to employees and elected officials through a private carrier.



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

Washington Township
Van Wert County
23612 Lincoln Highway
Delphos, OH 45833

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Van Wert County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 11, 2001.

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

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

Jim Petro
Auditor of State

April 11, 2001

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

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

Finding Number 2000-40281-001	
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FINDING FOR RECOVERY - REPAID UNDER AUDIT

Ohio Const. Art. II, Section 20 prohibits public officials from receiving increases in compensation in the middle of a term of office. An in-term increase in the amount of insurance benefits a trustee receives is considered an in-term increase in compensation. During 2000, the Township added an accident policy with a disability rider for all of the elected officials and employees. By adding the additional policy at an additional cost to the township, two of the Trustees received in-term increases. The term of office being served by Gilbert Pohlman and Larry Hoersten is January 1, 1998 thru December 31, 2001. The annual premium for the additional policy for Gilbert Pohlman was \$361.20 and for Larry Hoersten was \$462. The Township made these payments on this additional policy during 2000 and 2001.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Gilbert Pohlman, Trustee, and his bonding company Western Surety, in the amount of \$722.40 and Larry Hoersten, Trustee, and his bonding company Western Surety, in the amount of \$924 in favor of the General Fund.

The finding was repaid to the Township during the audit.



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WASHINGTON TOWNSHIP

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 24, 2001**