



**Auditor of State
Betty Montgomery**

WASHINGTON TOWNSHIP
FRANKLIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Franklin County
5965 Wilcox Place Suite B
Dublin, Ohio 43016

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Washington Township, Franklin County, Ohio, as of December 31, 2003 and December 31, 2002 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 November 1, 2004 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 1, 2004

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$692,569	\$12,132,842	\$69,361	\$12,894,772
Intergovernmental	144,073	1,422,154	8,242	1,574,469
Licenses, Permits, and Fees	209	28,638	0	28,847
Earnings on Investments	135,540	2,305	0	137,845
Other Revenue	67,671	340,546	0	408,217
	<u>1,040,062</u>	<u>13,926,485</u>	<u>77,603</u>	<u>15,044,150</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	891,672	0	0	891,672
Public Safety	0	11,445,274	884	11,446,158
Public Works	0	38,324	0	38,324
Debt Service:				
Redemption of Principal	0	395,000	35,000	430,000
Interest and Fiscal Charges	0	66,067	27,750	93,817
Capital Outlay	270,995	612,846	0	883,841
	<u>1,162,667</u>	<u>12,557,511</u>	<u>63,634</u>	<u>13,783,812</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(122,605)</u>	<u>1,368,974</u>	<u>13,969</u>	<u>1,260,338</u>
Other Financing Receipts :				
Proceeds from Sale of Public Debt:				
Sale of Notes	500,000	2,000,000	0	2,500,000
	<u>500,000</u>	<u>2,000,000</u>	<u>0</u>	<u>2,500,000</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>377,395</u>	<u>3,368,974</u>	<u>13,969</u>	<u>3,760,338</u>
Fund Cash Balances, January 1, 2003	<u>2,074,088</u>	<u>6,169,467</u>	<u>231,917</u>	<u>8,475,472</u>
Fund Cash Balances, December 31, 2003	<u><u>\$2,451,483</u></u>	<u><u>\$9,538,441</u></u>	<u><u>\$245,886</u></u>	<u><u>\$12,235,810</u></u>

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

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$628,619	\$12,301,714	\$62,967	\$12,993,300
Intergovernmental	162,330	1,313,182	6,957	1,482,469
Charges for Services	43,389	0	0	43,389
Licenses, Permits, and Fees	194	15,786	0	15,980
Earnings on Investments	234,596	5,142	0	239,738
Other Revenue	96,415	265,760	0	362,175
	1,165,543	13,901,584	69,924	15,137,051
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	832,413	0	0	832,413
Public Safety	0	10,562,846	747	10,563,593
Public Works	0	32,604	0	32,604
Debt Service:				
Redemption of Principal	0	390,000	35,000	425,000
Interest and Fiscal Charges	0	87,750	30,375	118,125
Capital Outlay	402,713	1,381,339	0	1,784,052
	1,235,126	12,454,539	66,122	13,755,787
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(69,583)	1,447,045	3,802	1,381,264
Fund Cash Balances, January 1, 2002	2,143,671	4,722,422	228,115	7,094,208
Fund Cash Balances, December 31, 2002	\$2,074,088	\$6,169,467	\$231,917	\$8,475,472

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

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Franklin, Delaware and Union Counties, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including fire protection, emergency medical services, park operations and road and bridge services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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

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.

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

3. Debt Service Funds

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 re-appropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and 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:

	2003	2002
Depository Balance:		
Demand Deposits	\$748,418	(\$327,276)
Total Depository Balance	748,418	(327,276)
Investments:		
Repurchase Agreements	7,643,525	3,706,447
Star Ohio	40,574	1,365,243
U. S. Government Securities/Agencies	3,803,293	3,731,058
Total investments	11,487,392	8,802,748
Total Depository and Investments	\$12,235,810	\$8,475,472

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

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

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,146,664	\$1,540,062	\$393,398
Special Revenue	14,305,735	15,926,485	1,620,750
Debt Service	78,320	77,603	(717)
Total	\$15,530,719	\$17,544,150	\$2,013,431

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,225,895	\$1,162,667	\$2,063,228
Special Revenue	20,470,059	12,557,511	7,912,548
Debt Service	310,238	63,634	246,604
Total	\$24,006,192	\$13,783,812	\$10,222,380

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,115,447	\$1,165,543	\$50,096
Special Revenue	13,500,284	13,901,584	401,300
Debt Service	68,096	69,924	1,828
Total	\$14,683,827	\$15,137,051	\$453,224

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,259,118	\$1,235,126	\$2,023,992
Special Revenue	18,222,706	12,454,539	5,768,167
Debt Service	296,211	66,122	230,089
Total	\$21,778,035	\$13,755,787	\$8,022,248

4. PROPERTY TAX

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

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

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

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Street Improvement Bonds	\$335,000	7.50%
Fire Administration Building Notes	340,000	6.80%
Station #95 & #92	450,000	4.65%
Administration Building/Eiterman Road	2,500,000	1.93%

The Street Improvement Bonds (1990) were issued to finance the construction of Woerner Temple Road. The bonds are collateralized solely by the Township's taxing authority. Bond will expire 2010.

The Fire Administration Building Notes were issued to finance the purchase of the Fire Administration Building. The Station #95 and #92 Notes were issued to finance the remodeling of Fire Station #95 and the construction of Fire Station #92. Notes will expire 2005

Administration Building Notes were issued September, 2003 to finance the purchase, construction, and remodeling of property. This building will house the Washington Township Administrative, Fire Administrative, Prevention and Training Staff. The Note will expire in 2004.

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

	<u>Street Improvement Bonds</u>	<u>Fire Administration Notes</u>	<u>Station #95 and #92 Notes</u>
Year ending December 31:			
2004	\$ 65,125	\$ 193,120	\$ 245,925
2005	62,125	181,560	235,463
2006	64,125	0	0
2007 – 2010	251,250	0	0
Total	<u>\$442,625</u>	<u>\$374,680</u>	<u>\$481,388</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPFP contributed 10% of their wages but the Township picks up 5% and the employees contribute 5%. The Township contributed an amount equal to 24% of their wages to OPFP. PERS members contributed 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

Certain board members have elected to pay into social security. The Township contributed 6.2% of employees' gross salaries through December 31, 2003.

**WASHINGTON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

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

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

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

Casualty Coverage	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(\$11,791,300)	(\$9,197,512)
Retained Earnings	\$16,000,923	\$14,559,524

WASHINGTON TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT (Continued)

Property Coverage	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(\$750,956)	(\$1,204,326)
Retained Earnings	\$6,040,104	\$5,392,670

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

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Auditor of State Betty Montgomery

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

Washington Township
Franklin County
5965 Wilcox Place Suite B
Dublin, Ohio 43016

To the Board of Trustees:

We have audited the financial statements of Washington Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated November 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that must be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated November 1, 2004.

Internal Control Over Financial Reporting

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

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 1, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WASHINGTON TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 23, 2004**